

THE CAMPAIGNS & STRATEGIES  
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THE MINUTEMEN  
MONEY SCAM

SPECIAL REPORT: RACE &  
THE OPPORTUNITY GAP

# THE AMERICAN PROSPECT

LIBERAL INTELLIGENCE

OCTOBER 2008



## *Is This Woman the Future of Cable News?*

**Liberals tried to compete at cable talk by  
playing by the right-wing's rules.  
Rachel Maddow is changing the game.**

# THE AMERICAN PROSPECT

WWW.PROSPECT.ORG

VOLUME 19 • NUMBER 10 OCTOBER 2008

*"In an exact sense the present crisis of western democracy is a crisis of journalism."*

—WALTER LIPPMANN  
*LIBERTY AND THE NEWS, 1920*

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# The American Collision

**E**ARLIER IN THIS ELECTION CYCLE, MANY OBSERVERS suggested that if Barack Obama and John McCain became their parties' nominees, they would each moderate the polarizing tendencies in American politics. In the wake of the two parties' national conventions, that notion seems

like a frail hope. Something is driving polarization, and it isn't the personalities.

It also isn't trends in public opinion. As Morris P. Fiorina argues in his book, *Culture War?*, public opinion surveys show that on most issues Americans are still bunched in the middle, contrary to the widespread belief that they are more deeply divided than they were a generation ago.

Of course, party differences have sharpened as a result of the ideological sorting out that's come with the defection of white Southerners from the Democrats and the conservative revolution within the GOP. At first glance, it looks like two opposite and equal shifts. The Democrats have become more liberal with the loss of Southern conservatives as the Republicans have become more conservative with the disappearance of liberals and moderates from their party.

But that nicely balanced picture doesn't fully reflect what's happened. Compare an older generation of Republican leaders to their successors—for example, George H.W. Bush to George W., George Romney to Mitt—and the younger ones are distinctly more right-wing. Democrats haven't seen a comparable generational shift. To borrow a term from Paul Pierson and Jacob Hacker, what we've had is "asymmetrical polarization": Republicans have moved further right than Democrats have moved left.

This year, McCain was expected to bring the GOP back toward the center, not

just because of who he is (or is supposed to be) but because of the dismal condition of the Republican brand. Instead, after locking up the nomination, he veered to the right, turning away, for example, from his earlier positions on the environment that gave him a reputation for independence (he had already changed his stance on immigration, Bush's tax cuts, and other matters). The base demanded concessions, and he made them. And nowhere was that pattern more evident than in McCain's choice of Sarah Palin after he backed down from picking Joe Lieberman.

Was all this inevitable? No, the McCain of Bush's first term might have resurfaced to wage a more centrist campaign, but the pressures to conform—the imperative to rouse the party—were formidable. And those pressures ultimately reflect social realities—the social make-up of the Republican Party, which was on full display at the party's national convention.

What is really at the root of party polarization is social tensions. Sociologically as well as ideologically, the two parties have become a stark contrast. The delegates to the Republican Convention were nearly all white (only 1.5 percent black and 5 percent Hispanic). Their hearts would not have been in a centrist campaign. What

got them excited were the old denunciations of the liberal media and "Eastern elites" by speakers who tried to reignite the culture wars. With a more socially and culturally diverse base, the Democrats seek to downplay polarization, while the more homogeneous Republicans cannot resist trying to inflame it.

Despite the changes in its regional support, the GOP occupies the same sociological space today as in the 1920s, when it was a party predominantly of small-town Protestants fighting off a rising urban, immigrant America. At that time, the dominant conception of white Americans excluded recent immigrants, such as Jews and Italians, whereas now it includes them. But structurally the situation was the same: a white, self-consciously Christian party against a more diverse, urban one, with the former inclined to see the election as a contest between the virtues of honor, patriotism, and moral uprightness that its members identify with their own group (and their candidates) and the vices that they project onto the other.

McCain and Obama stand in as proxies for two versions of America. When voters hear Obama, they are responding not just to him but to a new multicultural America that they find attractive or frightening. And when they hear McCain, they are responding to a traditional America—or rather, an idea of that America—that they are determined to preserve or willing to see change.

McCain's America has historically dominated Obama's. White has dominated black, old has dominated young, the appeal of soldierly virtues has dominated those of the peacemaker. If Obama wins the presidency, it will turn the traditional order of things on its head.

But that has happened before. After the 1920s, FDR assembled a new majority, and in the 1960s LBJ helped to build another one. BHO has a fighting chance to do the same. **TAP**

— PAUL STARR

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## Yes, Tax the Fat Cats

**A**S SOMEONE IMPLICATED in a number of attacks made in “Obama vs. the Fiscal Fear-Mongers” [September 2008]—I am one of the authors of the report, “Taking Back Our Fiscal Future”—I’d like to set the record straight.

Kuttner claims that concern over the many promises made by the government for the future is based upon a calculation of \$53 trillion in unfunded promises that uses “worst-case assumptions.” In fact, that figure excludes a number of promises for the future such as Medicaid, and is based on assumptions that the government’s actuaries call intermediate and others believe to be optimistic.

The unfunded-promise calculation raises two questions. First, how much should be committed today? Second, is the growth rate in those future promises sustainable? The unfunded promises are scheduled to grow at rates faster than the economy. Hence, they tend also to threaten future growth and create large deficits—even if taxes are raised substantially.

Kuttner says that in the report “Taking Back Our

Fiscal Future,” tax loopholes were taken off the table. The report actually says, “The budget includes other mandatory or entitlement programs and tax subsidies that grow automatically without review. Ultimately we would like to bring all parts of the budget into a disciplined, transparent review process that forces politicians and the public to consider priorities and tradeoffs.” Peter G. Peterson has argued for more taxes on “fat cats like myself.”

Finally, Kuttner says that concern over fiscal issues is “well-funded.” Would that it were only so! The amount spent on drawing attention to these issues so far has been a drop in the bucket relative to past efforts of foundations, the dollars spent on the current presidential race, and the amount spent on lobbying.

If fiscal integrity does finally gain traction, it won’t be because it has more resources on its side. What will carry the day will be simple arithmetic, honest accounting, and a recognition that no entity, including the U.S. government, can live beyond its means over the long term.

EUGENE STEUERLE  
*Vice President, Peter G.  
Peterson Foundation*

## The Three Gender Tiers

**A**NN FRIEDMAN ASSERTS [“The Generation Trap,” September 2008] that “young women on modern college campuses are unlikely to know someone who has had a back-alley abortion.”

They’re also unlikely to know any women whose job

options are restricted by gender. Elite women now have equal access to careers in the professions, but most women, who don’t have college degrees, are still locked into a narrow range of dead-end pink-collar jobs. Neither second-wave feminists nor the younger generation of not-feminists-but have done a damn thing to remedy this.

Second-wave feminism simply established a three-gender system: men, women, and us—the unisex elite. Younger feminists don’t show interest in the concerns of working-class women, either.

Access to abortion is a good thing for women. It simply isn’t as important as access to good jobs, an end

to sex segregation in the labor force, and affordable child care—issues that affect far more women.

DR. H. E. BABER  
*Department of Philosophy  
University of San Diego*

**Correction:** In “Obama vs. the Fiscal Fear-Mongers” [September 2008], Robert Kuttner excerpts from an address Jonathan Fanton made to the Council for Advancement and Support of Education, not the Council on Foundations.

*Letters to the editor should be sent to letters@prospect.org or mailed to The Editors, The American Prospect, 1710 Rhode Island Ave., NW, 12th Floor, Washington, D.C. 20036.*

## FROM THE EXECUTIVE EDITOR

**“F**ACTS ARE STUBBORN THINGS,” JOHN ADAMS SAID, AND yet they have seemed timid in the last decade, perhaps cowed by the Bush administration’s contempt for the “reality-based community.” Should we just mimic the shouting and disdain for evidence that characterizes right-wing talk radio? While some tried, our assistant Web editor Sam Boyd reports that the recent success of Rachel Maddow, whose new cable show premiered as we were finishing this issue, suggests that evidence and research might still win political debates—and an audience.

Also in this issue, our writing fellows, Adam Serwer and Tim Fernholz, make their first appearances in the magazine: Adam with a skeptical take on the politics of hip-hop activism, and Tim with an examination of the Democratic Congressional Campaign Committee, which may be poised for a second consecutive cycle of success. Tim’s article anchors a package covering aspects of this year’s election that have received less attention than the top race, such as the themes employed by congressional candidates (a safe brand of populism, as Harold Meyerson shows) and the big questions about the electorate.

This will be the last issue of the magazine in which we’ll be able to look ahead to the election, but from now through November, we’ll continue to cover it on the Web at prospect.org, going beyond the horse race to look at other unnoticed races, themes, and unanswered questions, and following on our successful Web coverage of the Democratic and Republican conventions. — MARK SCHMITT

# Up Front



## BILL KRISTOL, GOLD-STAR FEMINIST

**A**FTER A FEW MONTHS OF TACTICAL WAVERING, *WEEKLY Standard* editor William Kristol has found his inner feminist. The day after the Iowa caucuses, Kristol thanked Barack Obama for preventing a “Clinton Restoration.” (Scientists are currently exploring “The Kristol Effect,” an unexplained phenomenon wherein a Kristol prediction can actually make said outcome less likely to occur.) As the Democratic primary seasons refused to end, however, Kristol whined that “white women are a problem we all live with.”

But as convention time for the Democrats closed in, Kristol, as Ann Coulter might say, was “practically lactating” the milk of gender equity. He declared that he was “appalled” by the “sexism and misogyny” Democratic primary voters had demonstrated by not nominating Hillary Clinton, although Kristol had once proclaimed that she “hasn’t passed any legislation” and had accused her of “pretending to cry” to win the New Hampshire primary. And after Barack Obama picked Joe Biden to be his running mate, Kristol wrung his hands in concern about “gender equity” in the Democratic Party.

Of course, all the gender problems in the Republican Party have been solved now that militantly anti-choice Gov. Sarah Palin of Alaska has become the Party’s vice-presidential nominee. Kristol himself is now the model feminist. While a few weeks earlier he had dismissed Palin as an inadequate pick because of a complete lack of foreign-policy experience, days after the rollout Kristol abruptly declared that “insiders ... overly value” experience. Looks like he’s gotten over his problem with white women.

### LIPSTICK

By the final night of the Republican National Convention in St. Paul, the *Prospect* began to pick up a groundswell of media opinion. Our colleagues just couldn’t bring themselves to go down onto the convention floor again and talk to the delegates.

Problem is, the social composition of Republican Convention delegations grows more retro and insular with each passing convention. The problem isn’t just demographic, though

this year’s GOP conclave was whiter and maler than any in years. The real problem is what these insulated Americans believe: This year, according to a *New York Times* poll of the delegates, 57 percent of them considered the state of the economy either very or fairly good. In a word, the GOP delegates were anti-empiricists. There are no facts for them, no solutions: There are only conservative facts and conservative solutions. Hence their chant “Drill, baby, drill” as their response to the search for a proper energy policy. Hence their immersion in their party’s perpetual cultural civil war—not until

Sarah Palin’s cosmopolitan-bashing speech did the convention floor come alive.

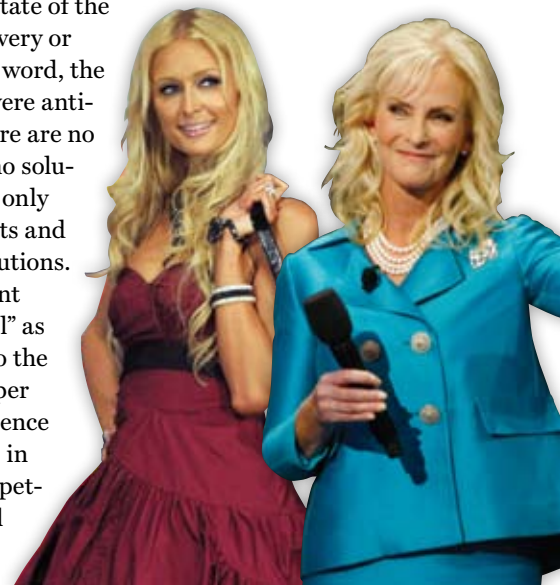
“I can’t stand it,” one of America’s most bipartisan journalists told us on the convention’s final night. “I just can’t talk to these people any more.” Other reporters swore to us they’d interview no more delegates.

Or consider this crack, which one (female) media

wag told a *Prospect* reporter during the balloon drop at the conclusion of John McCain’s speech: “What’s the difference between those balloons and the heads of the female Republican delegates? Lipstick.”

### PARIS OR CINDY?

Over the summer, John McCain has had his fun trying to make Barack Obama out to be a celebrity on par

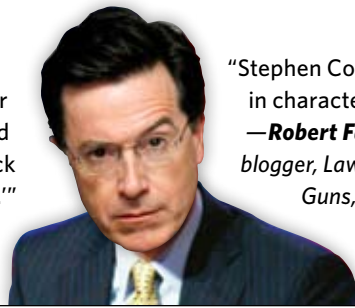


MARCELLUS HALL; AP IMAGES; LANDOV (2)

## THE QUESTION:

### WHO IS YOUR FANTASY PRESIDENTIAL-DEBATE MODERATOR?

"My second-grade teacher. If your answer didn't satisfy her, she'd hit you with a yard stick she called 'Mr. Smiley.'"  
—**Baratunde Thurston**  
editor, *The Onion*



"Stephen Colbert, in character."  
—**Robert Farley**  
blogger, *Lawyers, Guns, and Money*

"A tag team of Roberta McCain and Gore Vidal. That would be highly entertaining."  
—**Michael E. Grass**  
managing editor, *Politicker.com*

with heiress Paris Hilton. But McCain's Obama makeover is more revealing of his own tastes than of Obama's: After all, he married an heiress of his own, his second wife, Cindy.

Can you tell Cindy and Paris apart? Take the *Prospect* quiz and guess which of them fits the following descriptions:

1. Spent time in rehab for a painkiller addiction after being caught with illegal prescriptions.
  2. Is planning a humanitarian trip to Rwanda.
  3. Family money begins with father's mob ties.
  4. Wore a \$313,100 outfit to recent gala event.
  5. Family business under social-conservative scrutiny for pornography connection.
  6. Offered coherent energy policy in recently produced political Web video.
  7. Attended the University of Southern California, where she was a cheerleader.
  8. Spent \$273,000 on household servants last year.
  9. Began her career as a model.
  10. Served truncated jail sentence for DUI after being caught speeding several times.
- Answers: 1. Cindy McCain, 2. Paris Hilton, 3. CM, 4. CM, 5. PH, 6. PH, 7. CM, 8. CM, 9. PH (Though Cindy was a Rodeo Queen), 10. PH

## PARODY by T. A. Frank

### MEMO

**FROM:** Steve Schmidt  
**TO:** McCain '08 Staff and Allies

Friends,  
I gather that some of you are feeling uncertain over how to respond to press inquiries into the recent statements and actions of our candidate. These talking points should serve as a guide.  
**For inquiries concerning:**

**John McCain's promise to become a dual citizen with the Republic of Georgia and make the country our 51st state.**

**RESPONSE:** John McCain knows that we're all Georgians, and so do you. Once we find the second Georgia on a map, we will value it as a complement to our existing Georgia—shashlik meets sweet potato. Anyone who disagrees fails to grasp the complexities of Eurasian politics and is a craven wussy.

**John McCain's promise to "annihilate the Sufi insurgents."**

**RESPONSE:** John McCain well understands the difference between the various sects of Mohammedanism. Lesser known than the Sunnis or Shiites, the Sufis are easy to miss but many times as cunning. Unlike Obama the appeaser, John McCain will obliterate the Sufis in four years.

**John McCain's proposal to provide every American family with an oil drill.**

**RESPONSE:** Obama wants government to solve energy problems. John McCain believes in the personal initiative of each and every American. With a drill in the hands of every family, American ingenuity and creativity will take care of the rest. A thousand points of black.

**John McCain's vow to "personally stuff Ahmadinejad's face into a fissile reactor."**

**RESPONSE:** Barack Obama might want to play kissy-face with madmen, but John McCain knows exactly what he'd do to that little Tehranian turd to keep Americans safe. Just let McCain at him. Then see what happens.

**John McCain's announcement of the marriage-to-be between daughter Meghan McCain and James Dobson's first eligible grandson.**

**RESPONSE:** This is an entirely voluntary marriage. John McCain is a former prisoner of war. The media hates John McCain. You're a sexist.

T. A. Frank is  
an Irvine Fellow at the New America Foundation.



# We're All Chicagoans Now

BY MARK SCHMITT

FOR YEARS, THERE'S BEEN A QUIET ARGUMENT IN progressive circles about the appropriate design of the social contract, the public programs that ensure health care and economic security. Originating with the "New Democrats" of the 1990s, a centrist faction argued that

programs appropriate to the modern economy should be built around consumer choice, market mechanisms, and incentives in the tax code, rather than having comprehensive, universal federal programs like Medicare.

In books such as 2001's *The Next Deal*, by former Al Gore speechwriter Andrei Cherny, the logic of "choice" liberalism rests on both a political calculation—that in a conservative country, Democrats need to distance themselves from the big public institutions of the Great Society—and an economic one—that in a world of rapid technological change and shorter job tenures, the safety-net programs built for the older industrial economy are as obsolete as its factories and warehouses. Price systems, multiple options, and private-sector incentives will create programs that are both more flexible and efficient than the "one size fits all" of traditional government programs.

Other writers (including me, in a column a year ago questioning the overreliance on tax credits) questioned the fad for choice, again for both sound economic and political reasons. "One size fits all" is exactly what social insurance is supposed to be about, since none of us knows exactly the risks we will face in life. And private-sector incentives, far from being efficient, can cause all sorts of distortions as we try to induce individuals or companies to do things they wouldn't do for ordinary economic reasons—as the collapse of the privatized public institutions

Fannie Mae and Freddie Mac reminds us. Politically, we value the sense of social solidarity and respect for public goods created by large initiatives, and we think citizens are not consumers.

But the battle is over for now. "Choice" prevails. The near future of social policy in the United States is unlikely to involve large public-sector interventions and more likely to involve ideas like tax incentives and other "nudges" to encourage public-spirited behavior, choice among private-sector health and pension plans, and charter schools and public school choice to encourage improvement.

This is only in part because the new standard-bearer of liberalism, Barack Obama, embraces a soft version of University of Chicago doctrine, influenced by economist Austan Goolsbee and law professor Cass Sunstein, who have integrated the empirical insights of behavioral economics—which reveal the limits of markets—with a grudging respect for what only markets can achieve. As David Leonhardt wrote recently in *The New York Times Magazine*, "Compared with many other Democrats, Obama simply is more comfortable with the apparent successes of laissez-faire economics."

Just as significant is the fact that even traditional advocates of a single-payer approach to universal health care have embraced a model of regulated competition among private-sector insurers. The 100 organizations that make up the Health Care for America Now! coalition favor a robust public health-insurance plan modeled on Medicare, but as one option within a structured market. In a November 2007 speech in New Jersey, Roger Hickey of the Campaign for America's Future, a leader of the coalition, predicted that "at least half the population would eventually choose the public plan, due to its better efficiency and better benefits." While these groups, who represent the left wing of what's possible in health reform, still hope to achieve something like a universal public health-care system, they are now betting that they can get there more easily by market mechanisms—efficiency and incentives—than by a political fight.

It's a high-risk bet. If the market doesn't work, and even if it does, Americans would still face a confusing array of options and marketing pitches, with little help to know

which policy is more efficient or offers better benefits for their circumstances. Whether it's in health care, housing, education, pensions, or job retraining, without intermediary organizations that can help people navigate the choices that choice liberalism makes possible, many Americans will make decisions that leave them more vulnerable, more mistrustful of government, and cost taxpayers more.

For those of us who have been skeptical of choice as a principle for government programs, though, it's time to stop fighting. The next

stage is to focus on building the kinds of mediating institutions, whether public or nonprofit, that will help people take advantage of their options and "nudge" these new initiatives to the better outcomes, such as those Hickey foresees, rather than to the worse possibilities. **TAP**

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# Taking the Initiative

BY DANA GOLDSTEIN

**D**ESPITE THE PARANOIA OF LIBERALS AND THE SELF-aggrandizement of the religious right in the wake of the 2004 election, John Kerry did not lose because of anti-gay marriage initiatives on the ballot in 11 states. Polling consistently shows that contrary to myth, ballot initiatives

do not drive turnout during presidential elections. What they can do, however, is shape the political conversation and suggest to voters what their policy priorities should be. That makes ballot initiatives uniquely powerful tools.

The process of certifying initiatives for the ballot has long been a dirty one, one which left progressives pulling their hair out as the right scored victory after victory on taxes and a range of culture-war issues. Since the 1990s, national conservative groups such as Americans for Tax Reform and the Federation for American Immigration Reform have advanced their national policy goals by targeting the 24 states that allow citizens to create or overturn laws through a signature-gathering process that qualifies proposals for the ballot. It all looks like the work of a few homegrown activists. The reality is that national organizations frequently provide the strategy, money, and staff.

There have been some high-profile successes: “Civil-rights initiatives” in California, Washington, and Michigan ended affirmative action in college admissions and government contracting. “Marriage protection” amendments, most passed via the ballot, discriminate against same-sex couples in 26 states. The intended results of these initiatives are often antithetical to the language used to promote and pass them; in 2006, Arizona activists cited the prevalence of Spanish to persuade voters to de-fund English-language classes for undocumented immigrants.

But after almost two decades playing defense, there are signs that progressives are finally cozying up to the ballot-initiative process. Six states passed minimum-wage increases at the ballot in 2006, a campaign that dovetailed nicely with the Democrats’ message of economic mobility. This year, progressives are advancing initiatives in a handful of battleground states: a law in Colorado that would hold CEOs legally responsible if their companies misbehave; a proposal for funding stem-cell research in Michigan; and a Wisconsin initiative that would require the state to provide every resident with health-care coverage.

Of course, conservatives are pushing their own set of ballot initiatives again this year. The religious right is revisiting its 2006 effort to outlaw abortion in South Dakota. Colorado voters are considering a “personhood” amendment so radical it has divided the anti-abortion rights movement; if passed, the state would define every fertilized egg as a human being with full civil rights. And four states—California, Arizona, Florida, and Arkansas—are considering anti-gay ballot initiatives.

But some of this year’s highest-profile conservative ballot drives have gone down in flames. California business-

man Ward Connerly targeted five states for what he termed a “Super Tuesday for Civil Rights” in 2008, but only two, Colorado and Nebraska, have approved his organizers’ petitions for anti-affirmative action initiatives. In Arizona, Secretary of State Jan Brewer, a Republican, found that Connerly’s petitions contained fraudulent and invalid signatures.

Many believed that 2008 would be the year of the anti-immigrant ballot initiative, a gambit to put the GOP back in touch with its base. Yet less than two months before the election, only two states, Oregon and Missouri, have put immigration on the ballot, both through “English only” initiatives. In Arizona, where just two years ago voters approved four harsh anti-immigrant proposals, the only immigration-related initiative on the ballot this year actually *weakens* a 2007 law sanctioning employers for hiring undocumented workers. An initiative to deny birthright citizenship to the children of illegal immigrants failed to gain enough signatures to make it onto the ballot.

What happened? Conservatives’ abandonment of immigration as a ballot issue reflects the movement’s tight coordination of the initiative process. This year, with a Republican candidate like John McCain, co-author of the Senate immigration policy tarred as “amnesty” by the right, immigration is just not the issue conservatives

want their base to be thinking about inside the voting booth. Gay marriage and abortion, though? Check.

These are important lessons for progressives to internalize. The ballot is just another weapon in the public-policy wars, one that only conservatives have

taken full advantage of thus far. So looking forward, what should progressives put on the ballot in 2010? Living wages? Funding for alternative energy and public transportation? The possibilities are endless, and the winners get to shape what citizens think about as they cast their votes. That is a power too great to cede. **TAP**

*Ballot initiatives are just another weapon in the public-policy wars. Progressives shouldn't fear them.*



# Channel Changer

*For years, liberals thought they could catch up in media by playing by conservatives' rules. Rachel Maddow's success proves it's better to just change the game.*

BY SAM BOYD

**I** think I have a fear in general about whether being a pundit is a worthwhile thing to be,” Rachel Maddow tells me over dinner at a Latin restaurant in lower Manhattan. It’s more than the ordinary self-deprecation of someone who just got her own cable commentary show. It’s an insecurity essential to the on-air style that’s powered the 35-year-old’s rapid rise from a wacky morning radio show in western Massachusetts to the liberal radio network Air America and now to her own prime-time show on MSNBC.

Maddow is not a Tim Russert or a Chris Matthews—an ostensibly nonpartisan interviewer who badgers politicians and policy-makers about contradictions in their records. Nor is she a Rush Limbaugh or a Glenn Beck—an attack dog who deals in calculated anger, bluster, and outrage. She’s no mild-mannered liberal like Alan Colmes or a veteran observer like Wolf Blitzer or David Gregory. Maddow has broken the broadcasting mold. She has succeeded as an avowed liberal on television precisely because she is *not* a liberal version of conservatives like Sean Hannity and Glenn Beck. Unlike so many progressive media figures who sought to replicate the on-air habits of the aggressive shock jocks of the right, she stumbled upon a workable style for the left. She is liberal without apology or embarrassment, bases her authority on a deep comprehension of policy rather than the culture warrior’s claim to authenticity, and does it all with a light, even slightly mocking, touch. She proves that liberals can attract viewers on television when they actually act like, well, liberals.

Maddow’s accidental path was paved by the success of Keith Olbermann’s *Countdown* on MSNBC. Neither Olbermann’s impressive ratings (second only to Bill O’Reilly’s) nor his liberalism were foreseen by the network, which hired him in 2003 as a straight newscaster. Olbermann’s audience, along with the declining popularity of Republican media outlets as the country soured on the Bush agenda, emboldened MSNBC to give Maddow her own hour of prime time, a coveted 9 P.M. slot immediately following *Countdown*. (*The Rachel Maddow Show* debuted Sept. 8.)

The announcement was interpreted by some as a turning of the tide, a sign that cable news networks were no longer a hos-

tile environment to liberalism. But, for her part, Maddow never accepted the idea that cable executives harbor a conservative bias. As she put it, “It’s sort of the first refuge of lefty scoundrels to say, ‘I get the real picture, and the mainstream media would explode if they ever handled it.’ But if you can make it interesting, the mainstream media is interested in it.”

**MADDOW STARTED HER CAREER** with more interest in changing policy than in changing the media. After attending Stanford, she studied at Oxford, where as a Rhodes scholar (she says she was the first openly gay person to receive the honor) she completed a dissertation that expanded on work she was already doing as an AIDS activist. Her efforts were based on a profound public-health insight: Prisons offer a surprising opportunity for AIDS prevention and treatment because inmates are a vulnerable population collected in one place and have a constitutional right to health care.

In 1999, Maddow was supporting herself with odd jobs (she met her partner Susan Mikula after the artist hired Maddow to do yard work) when she attended an open casting call for a disc-jockey position at a local radio station in Northampton, Massachusetts, and scored her own morning show. Five years later, when she heard about a new liberal radio network forming in New York, which would come to be known as Air America, she concocted what she calls a great “caper” to get a job at the network—involving, among other gambits, having an ex-girlfriend impersonate one of Al Franken’s students at Harvard.

Her caper paid off, and she was tapped to co-host a show with network executive and *Daily Show* co-creator Lizz Winstead and rapper Chuck D of the group Public Enemy. (Maddow is perhaps the only person who can claim she has worked regularly with both Chuck D and Pat Buchanan.) But the show never took off and was replaced with a program hosted by Jerry Springer. Maddow convinced the network to give her a solo show and despite being shuffled from time slot to time slot, was able to build an audience via her podcast. She has held on to her radio show, which currently airs from 6 P.M. to 9 P.M. Eastern time, even after making the jump to TV.

On days when she isn’t pondering the meaning of pundit-



Maddow fills in for fellow liberal Keith Olbermann on his show, Countdown.

ry, she says she worries “about being a conventional-wisdom machine.” To that end, Maddow tries to avoid opinion-based commentary—she doesn’t even have a TV in her New York City apartment. “Much more than I wish was true, I tend to at least subconsciously agree with the last thing I heard that made sense,” she says, “and so I try to consume as much fact and reporting as I can and as little of other people’s analysis as I can.”

Bill Wolff, vice president of prime-time programming at MSNBC, says that, of all the hosts and guest hosts he’s worked with, Maddow is the hardest-working. When she guest-hosted for *Countdown*, she’d pre-record her radio show and arrive at MSNBC studios at 9 A.M. for a show that started at 6 P.M. She spent the time researching—even delving into topics that weren’t on the agenda. “I’ve been in the TV game a long time, and I’ve never seen anyone—anyone!—prepare like she prepares,” Wolff says.

When I visited her at Air America a month before her MSNBC show was announced, Maddow spent most of her working hours in the cramped and messy office that she shares with her radio show’s executive producer. The office—the walls of which are adorned with a holographic picture of a unicorn and a shooting target—is where she holds the daily news meeting for her Air America show. At that day’s meeting, Maddow did most of the talking—accepting, rejecting, or modifying ideas definitively and quickly. “It’s a great advantage to me that I’ve almost always done a full radio-show prep period before I’ve done any prime-time or late-night,” she says. (In this, she has something in common with right-wing radio hosts like Hannity, O’Reilly, and Beck, who do both radio and TV.)

Maddow’s immersion in facts rather than in opinions has helped shape her on-air persona. When Pat Buchanan, who

joined Maddow on MSNBC’s election-night panel throughout the presidential primary, claimed that the expansion of the health-care program S-CHIP would give money to already well-off families, Maddow quickly pointed out that 8 million children in the very income group he claimed could afford insurance don’t have it. And in another segment, when conservative MSNBC host Joe Scarborough said John McCain had not backtracked on previous support for immigration reform, Maddow was ready with examples of how McCain had reversed himself on the issue during the primary campaign. “When you see how hard she works and how much of a pro she is, that’s magic to producers. She just kills it,” Wolff says. “And that preparation is seen in the ease with which she goes topic to topic and the seemingly encyclopedic knowledge of current events she displays in the conversation.”

Her whip-smart retorts as a member of MSNBC’s commentary panel during the 2008 presidential primaries first brought her to the attention of many liberal political junkies who hadn’t heard her on Air America. And while her first exclusive gig at MSNBC may have been talking horse-race politics on *Race for the White House*, she’s actually most interested in foreign policy and national security. In addition to her daily radio show and nightly MSNBC appearances, Maddow has been spending several hours a day writing a book about the role of the American military in foreign policy. “I think that structural changes in American military, government, [and] politics over the past two generations have brought us to a place where we have drifted into essentially becoming a militarist country,” she says. Try to imagine that coming out of Wolf Blitzer’s mouth.

Maddow’s wonkery, however, is leavened by a light, sardonic touch that keeps her commentary from veering into



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the pedantic. Unlike so many televised liberals, who seem almost physically pained by the combative cable-news format, she obviously enjoys herself. A good example came during an election-night panel discussion of Obama's victory in the Nebraska and Idaho primaries, which Buchanan tried to delegitimize by saying that Obama could only appeal to liberals. Without missing a beat, Maddow responded, "In what kind of a world do Idaho and Nebraska represent the left lane?" She had the entire panel laughing outright. A chastened Buchanan could only manage a wan joke about Marxists.

At a time when TV news was often frustratingly fixated on the minutiae of scandals like Obama's connection with controversial pastor Jeremiah Wright, Maddow was a rare voice liberals could admire—and one they could trust to shift the conversation back to more substantive issues like health care and the Iraq War. "There's this sort of snide activist inside me that's like, 'Oh the mainstream media can't handle me, I'm so pure,'" Maddow says. "But actually, they're totally interested in this."

**WHEN THE RADIO NETWORK** Air America was founded in 2004, it aimed to balance out conservative dominance of the airwaves and inevitably attracted people who already had some modest success imitating conservatives on talk radio. One of its early stars was Randi Rhodes, a Florida radio veteran who managed to build herself a liberal audience in the empty days before Air America was founded. Rhodes joined the network at the same time as Maddow. But unlike Maddow, she didn't have to scheme for a job. Rhodes came with a reputation, a brash confidence that appealed to liberals who had long wanted a counterweight to the conservative voices on the AM dial. Rhodes, whom *The Miami Herald* described as "part Joan Rivers, part shock jock Howard Stern and part *Saturday Night Live's* 'Coffee Talk' lady," fit the part. On Fridays, she'd open her program by playing the song "Bounce Your Boobies" by Rusty Warren. In 2007, *Talkers* magazine named her its "Woman of the Year."

She performed as promised. In one memorable exchange on CNN in 2006, Rhodes repeatedly yelled at conservative talk-radio host Ben Ferguson, telling him he should go to Iraq: "You go! You go! You go!" As the liberal Rhodes and conservative Ferguson became increasingly unhinged, it became tough to tell them apart—and to listen to them. On her radio show in 2007, Rhodes called the Republicans the "Grand Old Pervert Party." Her provocations were clearly a deliberate strategy—her show made sure to upload the clip to YouTube.

But liberals, it turned out, didn't have much of a stomach for that type of in-your-face anger. Air America struggled to gain an audience that even came close to the success of right-wing radio. The most popular Air America shows reach about 1.5 million listeners a week according to *Talkers*. Limbaugh shouts in the ears of 13.5 million. Rhodes' angry persona eventually resulted in her departure from the network after she called Hillary Clinton a "fucking whore." (Rhodes says she really left over a contract dispute and that the comment was part of a comedy routine. She now has a show on Nova M radio.)

Maddow, on the other hand, wasn't interested in basing her approach on that of conservative talkers and wasn't given



much guidance or feedback by the network's higher-ups. So she developed her approach to broadcasting on her own. Air America midwifed the birth of a new kind of liberal pundit largely by accident.

In this, Maddow and Air America mirror the haphazard paths to success taken by several prominent liberal projects of recent years. Like Air America, other institutions were built with the idea of emulating the successful entities of the right: The Center for American Progress, for instance, looked with envy at the Heritage Foundation, with its preference for public relations over actual ideas. But CAP moved beyond its imitative beginnings and evolved into a serious think tank, generating new ideas on poverty and national security and pairing them with a state-of-the-art online rapid response shop. They found a model, in other words, that suited liberalism's strengths. Other new progressive organizations of the last decade have gone well beyond the banal imitate-the-right premises on which they were founded.

Likewise, though Air America thought it wanted to create an analog to right-wing radio, it found its only breakout success in Maddow—the furthest thing from Rush Limbaugh. Rhodes still appears with some regularity on cable news and, as of last fall, had one of the largest audiences of any liberal talk-radio host. Yet, she primarily reaches radio listeners interested in a strident, angry liberal. Because Maddow is now established on cable TV, she speaks to a much larger audience—one that doesn't necessarily agree with her. She may have had to scheme her way onto Air America in the first place, but she is in many ways the network's greatest success story.

**OVER THE PAST FEW YEARS,** as much of America soured on the war in Iraq and President Bush's approval ratings sank, the corporate media's hostility toward anti-war voices faded. Cable networks found themselves casting about for charismatic liberals who knew how to pin on a mic. "There were so many more conservative talk-show hosts to choose from," says Shelly Lewis, who was involved in the creation of Air America and served as its vice president of programming. "When we came along there were a lot of cable-news bookers who were interested in having people from our background."

Of all the hosts Air America sent to cable news, Maddow was the one with staying power. After her appearances on the primary-night panel and on *Race for the White House*, she had several highly successful stints guest-hosting for Keith Olbermann (she managed to retain almost his entire audience for a two-week period in June and July—an unprecedented feat for a guest host). And in August of this year, a scant five months after she signed her first exclusive contract with MSNBC, the network announced she was getting her own show.

Olbermann, in addition to giving Maddow an opportunity to prove herself by guest-hosting his show, has been a transitional figure. Like her, he was a surprise success. A sportscaster with limited experience in straight news, he came on the network

in 2003 and, over the next several years, started performing "Special Comments," indignant liberal monologues modeled after Edward R. Murrow's seething commentaries. Olbermann marked a turning point—the first TV host to be consistently and truly outraged by the last eight years of conservative governance. Maddow, while she shares Olbermann's political outlook, does not need to convey the same level of indignation. She is in some ways the first post-Bush liberal pundit, having arrived on the national scene at a time when the country was collectively fed up with the Bush years and audiences were genuinely ready to hear liberal perspectives.

As Olbermann's audience grew to rival, though not quite equal, that of longtime ratings king Bill O'Reilly, MSNBC gained an unwanted reputation as an emergent liberal version of Fox News—a view that became more prevalent after Maddow's show was announced. The reputation is not only unwanted but undeserved. True, Chris Matthews was once a top adviser to Democrat and former House Leader Tip O'Neill, but today he is fond of John McCain and says he voted for George W. Bush

## Maddow is the first post-Bush liberal pundit, having arrived on the national scene as the country was getting fed up with the GOP.

in 2000. David Gregory is anathema to the right, but that's based on a few testy exchanges with White House spokesmen, not on his politics. ("I think he's pretty conservative," Maddow says. "I don't think there's anything in his record to suggest he's anything but a straightforward White House correspondent guy.") Meanwhile Republican and former Congressman Joe Scarborough has a three-hour program every morning—more airtime than Maddow and Olbermann have combined. While MSNBC is experimenting with a block of liberal programming, as a network that shares offices with NBC News, it can't afford to be seen as having an ideological bias. The network recently bowed to conservative critics by moving Matthews and Olbermann, both seen as sympathetic to Barack Obama, out of the anchor chairs for live political events.

But that doesn't mean MSNBC is looking to cancel its opinion-based programming—liberal or otherwise—anytime soon. The network isn't motivated by ideology but profits. "Along with the other cable news channels, they see how well opinion shows are doing in primetime," says Felix Gillette, who covers television for *The New York Observer*. "So for them, going with opinion is seen as win-win. It's cheap and capable of putting up big ratings."

In that, MSNBC's mercenary instincts may have created the opening liberals were waiting for. Olbermann proved to the network that a liberal could draw a huge audience—which helped steady its nerves to take a chance on Maddow. If *The Rachel Maddow Show* is as successful as *Countdown*, then liberals will have a truly sustainable approach to establishing a presence on cable news: a large, proven audience, which has the potential to turn liberal commentary into a business strategy. That should allow for many more happy accidents in the future. **TAP**

# The Fence to Nowhere

*The Minutemen promised their supporters a high-tech border barrier. Instead, they got a five-strand barbed-wire fence and a bunch of radical splinter groups.*

BY DAVID NEIWERT

Jim Campbell was a contractor before he became an Arizona retiree, so he happens to know a little about getting construction projects completed. He also happens to be avidly involved in efforts to stem what he and thousands of others see as an unholy tide of illegal immigrants streaming over the U.S.–Mexico border. So when the Minutemen—those “citizen watchdogs” who have been setting up vigilante border patrols throughout the Southwest—announced plans to build a fence along a section of the Arizona-Mexico border, it seemed to Campbell like a good time to step up and make a difference.

A couple of years later and \$100,000 lighter, Campbell's not so sure it was a good idea. In fact, he calls the people running the Minutemen's border-fence project “a bunch of felons.”

When he first contacted the Minuteman Civil Defense Corps (MCDC)—the most prominent of the two major Minutemen organizations and the sponsors of the fence project—in early May 2006, he was enthusiastic about his vision: “miles and miles of steel!” Campbell offered to donate \$100,000 immediately so the Minutemen could buy steel posts—the first step in building an “Israeli style” security fence—and install them in time for the groundbreaking ceremony. He took out a loan on his home and wired the money to the MCDC's parent organization, the Washington, D.C.–based Declaration Alliance. Campbell was told his was the largest single donation out of the thousands that were pouring in for the fence project.

But when Campbell attended the MCDC's big groundbreaking event a few weeks later, the five-strand barbed-wire fence being erected by volunteers was a far cry from what he thought he had funded. After a flurry of negotiations with the MCDC's president, Chris Simcox, Campbell agreed to spend another \$63,000 of his own money on steel posts for a “serious” fence at another site—believing the MCDC would later repay him.

A year later, with nothing more to show for his money either in fence construction or reimbursement, he filed a lawsuit for \$1.2 million seeking reimbursement and damages. In a letter to his lawyer, he observes that his donation “will have been squandered in a seemingly well-intentioned but short-lived ‘monument to deceit’ on the border. It is clear to me now that

this fence project was conceived as a grand facade—a scheme—to attract endless streams of donations from the public who placed blind faith (as I did) in both the sincerity and trustworthiness of its promoters.”

Welcome to the world of the Minutemen, where all-American values provide a nice storefront for a financial black hole that vacuums up hundreds of thousands of donors' dollars. The group fits into a long tradition of right-wing political organizing that runs from the resurrected Ku Klux Klan of the 1920s to the tax-protest movement of the 1980s and the militias of the 1990s. In the end, these efforts are mostly scams: They serve up a heady concoction of jingoistic fervor, bigoted xenophobia, and paranoid conspiracy theories as a means to salve all that ails the patriotic soul—but largely they have the mysterious effect of separating their fellow right-wingers from their money. And as these groups dissolve into scandal and infighting, they leave far more radical splinter groups in their wake.

**TO UNDERSTAND THE** Minutemen, it helps to consider their origins: They are, after all, essentially a militia. When Chris Simcox began organizing civilian border-watch patrols in early 2003 in his hometown of Tombstone, Arizona, he called his outfit the Tombstone Militia, eventually changed to the Civil Homeland Defense Corps. Simcox incorporated “Minuteman” into the name of his operation in 2005 when he hooked up with a California ex-Marine named Jim Gilchrist, who had founded a similar group he called the Minuteman Project. Both groups have consistently identified with the “militia” (or “patriot”) movement, which in the 1990s revolved around hysterical fears that a cadre of government conspirators intended to start rounding up gun owners and other citizens and placing them in concentration camps. The Minutemen blend this conspiracy theory with their own special brand of xenophobia—notably, the claim that Latino immigrants are part of a grand “reconquista” plot by Mexico to reclaim the Southwestern United States. And, like nearly every right-wing populist movement from which the Minutemen are descended, they have crumbled under the weight of financial mismanagement, competing egos, and political infighting.



*A Minuteman Project volunteer patrols the U.S.-Mexico border in Arizona.*

The Simcox-Gilchrist partnership produced a national sensation in April 2005, when dozens of volunteers took part in the Minutemen's month-long border-watch operation. At times, journalists and camera crews outnumbered the actual watchers; it made great prime-time content for FOX News and CNN's resident anti-immigrant talking head, Lou Dobbs. Simcox and Gilchrist were the faces of the movement, and they appeared on air so frequently that they practically became household names.

Their synergy, however, was short-lived. That fall, Gilchrist and Simcox had discussed handing over the Minutemen's financial and public-relations operations to a conservative Beltway organization called Diener Consultants and an associated outfit called the Declaration Alliance, run by onetime Republican presidential candidate Alan Keyes. Both groups had been consultants in Gilchrist's failed congressional bid earlier that year, and Gilchrist later told his board members that the Diener Consultants and Keyes' organization "stole my money." He wanted nothing further to do with them. Simcox, on the other hand, wanted to continue.

So in December 2005, they went their separate ways, and the Minutemen officially became two organizations. They had overlapping missions, but each chose different strategies: Gilchrist's focus was going to be on border watches, while Simcox's MCDC was to be a national anti-immigration enterprise that would build chapters in all 50 states. In the end, the two groups followed remarkably similar paths into dysfunction.

That spring and summer, Gilchrist was primarily occupied with self-promotion. He went on a cross-country tour to pro-

mote his book and met with Constitution Party officials about the possibility of a presidential bid (nothing came of the talk). Meanwhile, Simcox's MCDC organized a follow-up border watch in Arizona in April 2006, and the group began recruiting new Minutemen around the country—everywhere from Illinois to Washington to New Hampshire. The donations began pouring in. Now thoroughly enmeshed in the Keyes organization, all the MCDC donations flowed into a web of nearly a dozen organizations revolving around Declaration Alliance, including Diener Consultants; a Texas outfit called American Caging that acted as the escrow agent and comptroller for the operation; Renew America, a Keyes-run "grass-roots organization"; and a direct-mail company called Response Unlimited.

The association with Keyes' organizations raised hackles within MCDC ranks. Some of the Minutemen began exchanging e-mails denouncing the relationships, since Keyes and his groups were perceived within the ultra-right ranks as being "neoconservative" organizations whose interests were inimical to theirs. Gilchrist, who had washed his hands of the Keyes groups, sent out a bulletin making clear that his Minuteman Project no longer had any associations with Simcox and his outfit. *The Washington Times* reported on the dissent and quoted Keyes dismissing the MCDC's internal critics as anti-immigrant racists "and other unsavory fringe elements attempting to hijack the border security debate to further their individual agendas."

Simcox was undeterred. In April 2006, he hit on the idea of building a "state of the art" security fence along a section of the Arizona-Mexico border and told *The Washington Times* that he



had more than \$200,000 in donations. He described the project as one that would “feature separate, 14-foot-high fences on both sides of the border, separated by a roadway to allow the passage of U.S. Border Patrol vehicles, with surveillance cameras and motion sensors.” It was this description that enticed Jim Campbell to pony up his \$100,000. But there were problems, notably that there were few private landholders along the border willing to participate. The ranch owner who had agreed to a fence had no interest in an “Israeli style” security barrier; he only wanted a standard barbed-wire fence to keep out Mexican cattle. So that was what was built. The steel Campbell bought was to be used for a short section of “demonstration” fence at another ranch. Of the promised 70 miles of security fence, so far a length of only .7 miles has been erected. Much of Campbell’s steel still lies in a pile, collecting Arizona dust.

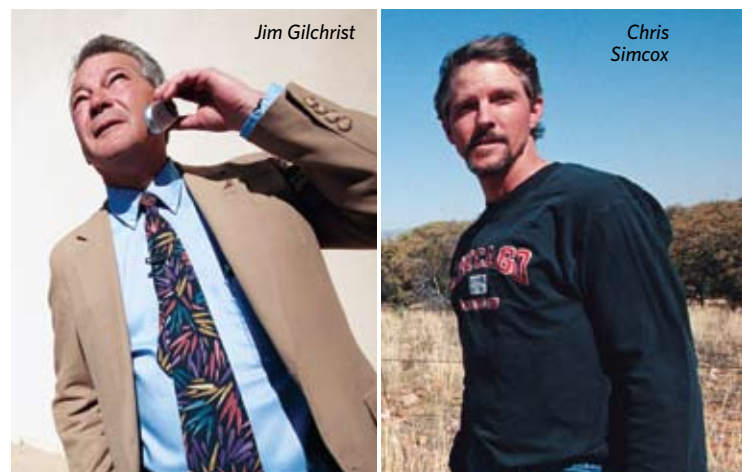
**JIM CAMPBELL WASN’T** the only one making things difficult for Simcox. In May 2007, a group of state-level organizers held a meeting to air their grievances over the way Simcox was running the operation: promised funds never delivered, the heavy-handed leadership style, and the general lack of accountability. In particular, they wanted to know what had become of the \$1.6 million that Simcox had told the press the organization had brought in, since they were seeing precious little of it spent at the state level.

Simcox abruptly fired them all the next week. The dissenters, led by Simcox’s former Arizona chapter head, Stacey O’Connell, regrouped and within a couple of months had formed a rival organization calling itself the Patriots Border Alliance. O’Connell continues to openly criticize the MCDC over its murky finances, appearing on radio talk shows and circulating what information he can glean about the MCDC’s money. “I joined an organization that I thought stood for the rule of law and was transparent and was part of the American spirit,” O’Connell says. “And to watch what has happened over the past couple of years has really faltered the ideas of the movement.”

Certainly there was a significant gap between Simcox’s public claims of having raised \$1.6 million for the fence, and what his financial disclosure forms show his organization actually spent on it. No one can say for sure because the MCDC won’t let anyone touch its books. But a look at the organization’s 2006 public filings indicates that, of all the money raised for the border fence, only a small amount (if any at all) went toward its construction. The forms for the Declaration Alliance—through whom all the border-fence donations were directed—show that it brought in nearly \$5 million that year for all its programs. What percentage of that \$5 million consisted of border-fence donations is unclear, but considering that the fence appeals began in May 2006 and have remained the MCDC’s (and Declaration Alliance’s) chief fundraising focus in the months since, it is likely that they provided at least a majority of that money. It also shows that \$3.19 million went to the MCDC. But for what? The Declaration Alliance largely spent the money on printing, consulting, and similar activities. The only indication on the form that any actual money went back to the MCDC in the field is \$143,000 listed as “operational expenses,” though this

money reportedly was for MCDC border watches, not the fence project. If any of those millions of dollars actually went toward building a border fence, it’s difficult to ascertain where they are and how much was disbursed—though a look at the disclosure form for the Minuteman Foundation, the MCDC entity set up specifically to handle the fence project, shows a mere \$87,500 in total revenues from donations for 2006. If that’s the actual revenue coming from that \$3.19 million the Declaration Alliance says it spent on the MCDC—and you estimate that at least half of that is fence-related—then we’re talking about less than 6 percent coming back to build the fence.

In other words, the best rough estimate is that about 94 cents of every dollar Jim Campbell spent on the fence went toward printing, mailing, consulting, and the like. It’s no wonder members at the field level were seeing so little of the money that Simcox claimed to be rolling in.



Jim Gilchrist

Chris Simcox

Without offering specifics, Simcox denies what the financial-disclosure forms show. “I know there’s a lot of controversy over the funding,” he says. “But it’s just absurd. Every penny that we raised went into the surveying, the engineering, and the construction of what we could build with what we brought in. It’s difficult to complete a project when you don’t have the funding.”

While Simcox faltered under the weight of his members’ demands for transparency, his former cohort Gilchrist found his Minuteman Project embroiled in a strikingly similar controversy. The problem began in November 2006, when Gilchrist began bouncing checks. The MMP’s board of directors grew concerned and began asking to see bank statements, as well as a copy of the organization’s bylaws. Gilchrist promised but never delivered any of the requested documents. The more the board members looked into the way Gilchrist was handling the MMP’s finances, the more alarmed they became.

The issue came to a head in a series of board meetings in December, when board members raised the possibility that funds had been embezzled. Gilchrist accused the board of acting like a “lynch mob” and demanded they cease their inquiry. The wrangling continued over the next few weeks until the board voted to terminate Gilchrist as the MMP president and to dismiss two of his lieutenants for fiduciary misdeeds. Three days later, Gilchrist showed up at a board meeting at the MMP

offices and announced, “You are all fired! You are all fired!” There was another meeting on Feb. 2, which turned so confrontational that sheriff’s deputies were called.

Since then, the matter has devolved into a blizzard of lawsuits, with each side suing the other and variously claiming victory as the rulings and dismissals pile up. At last count, the MMP board had refiled its lawsuit for fraud, and Gilchrist was pursuing individual suits against its members. When he talks about the case now, Gilchrist comes across as rather paranoid. He told me he believes the board members have an ulterior motive: “And that is to jam the Minuteman movement—not just my project but the entire movement across the country.”

For their part, the MMP board members insist this is about financial accountability. “If we were mean and vicious and dumb, we would want Gilchrist in jail,” says Paul Sielski, board member Deborah Courtney’s husband and one of the plaintiffs. “But at the end of the day, we don’t want him to go to jail, because how’s he going to pay us back?” At this point, Sielski says, all they want is to recover their funds and expose Jim Gilchrist’s mismanagement of the Minuteman Project.

## Like nearly every right-wing populist movement from which they are descended, the Minutemen have crumbled under the weight of corruption.

**TODAY THE MINUTEMAN** movement is beyond mere disarray; it is in the early stages of complete decay. The arc of the Minutemen’s decline and fall happens to trace almost precisely that of previous right-wing populist movements, notably the Klan of the 1920s and the militias of the 1990s. The pattern goes like this: The group is beset by financial manipulators who seem naturally drawn to them. Then, following an initial wave of popularity, the group splinters under the pressure of competing egos into smaller, more virulent entities who then unleash acts of public ugliness and violence that eventually relegate them to the fringes.

The Minutemen haven’t quite reached that final stage yet, but they are well on their way. And while that may be welcome news to those who oppose the Minutemen’s nativist agenda, that last stage represents some natural and equally toxic consequences.

The broken promises and vicious infighting have meant, unsurprisingly, that the Minutemen’s original mission—watching the border—has receded to the background. In 2007, the MCDC claimed some 2,000 volunteers at various border watches, though the on-scene reports indicated far fewer participants. In 2008, the activity dropped further, so that the annual April border watch attracted only a few dozen participants and no media coverage.

The Minuteman movement has fallen on such hard times that even Gilchrist has publicly admitted that he regrets the “Saddam Hussein mentality” within its ranks, particularly some of its smaller, independent offshoots. “Am I happy at the outcome of

this whole movement? I am very, very sad, very disappointed,” Gilchrist told *The Orange County Register* in June. His concern may have been disingenuous, but it was far from groundless. Over the past year, several incidents of violence have been associated with various subfactions of the Minutemen. Last summer, a couple of Minutemen created a video portraying the shooting of border-crossers—which they later admitted was a hoax but decidedly a reflection of their real attitudes. The men were in a group that had spun off from the San Diego Minutemen, itself an independent offshoot of the movement.

Considering that the Minutemen were largely built on the sort of nativist appeals long favored by racist organizations, it’s no surprise that racist and white-supremacist elements have been entwined with the movement since its inception. Gilchrist and Simcox both made loud noises about weeding out racist members, though in reality their “background checks” were mostly shams and covert white supremacists were silently tolerated. But even the stigma against overt racism appears to be disappearing among their organizations’ successors. One border-watch group, headed by a former Minuteman Project

official named Laine Lawless, went so far as to indulge in an e-mail exchange with a neo-Nazi organization offering tips on how to harass Latinos the old-fashioned way: steal from them, beat them up, mistreat their children, make death threats. This behavior has started to infect the main Minute-

men organizations themselves. The MMP’s official Las Vegas chapter, Americans4America, recently co-hosted an anti-immigration strategy session with officials from the white-supremacist Council of Conservative Citizens.

Jim Campbell was finally reimbursed in September 2007 for his \$63,000 outlay for the pipe, but he wants his \$100,000 back, too. His lawsuit was dismissed, and now he wants criminal action brought against Simcox and the MCDC operation. Meanwhile, nothing like Simcox’s promised “high-tech, double-layered gauntlet of deterrent” has even come close to being built. “We’re still hoping to finish that, basically, standing as a monument,” Simcox says but adds that it’s not necessary anymore and that fundraising for the project has come to a halt. (Even though the MCDC’s Web site still asks visitors to “Donate to Build the Minuteman Border Fence.”)

Simcox says the Minutemen declared victory when Bush signed the Secure Fence Act in fall 2006, which authorized the construction of over 700 miles of double-reinforced fence along the U.S.–Mexico border. “That was really the purpose ... to challenge them to do that,” he says. “I just don’t think we’re going to get any more funding, to tell you the truth, because people see that the government’s doing it. Mission accomplished.” **TAP**

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*David Neiwert is a Seattle-based freelance journalist and the author of two books on the far right. Research assistance for this article was provided by the Investigative Fund of the Nation Institute.*

# Meet the Next Treasury Secretary

*The most difficult economic challenge of the next administration will be to overhaul America's collapsing financial system. Who will lead that effort?*

BY ROBERT KUTTNER

One weekend last March, Timothy F. Geithner, president of the Federal Reserve Bank of New York, fielded a panicked phone call from Bear Stearns CEO Alan Schwartz. Bear was nearly out of cash, owing some \$80 billion, mostly in short-term loans, to 5,000 firms across Wall Street. Geithner, joined by Treasury Secretary Henry Paulson and Federal Reserve Chairman Ben Bernanke, had less than 24 hours, before markets opened on the next Monday, to decide whether to advance Bear a \$29 billion credit line until a buyout could be arranged—or play roulette with the entire financial system. Geithner ended up taking heat for some details of the rescue, but nearly all observers now conclude that it had to be done.

Four months later, on July 11, Sheila Bair, chair of the Federal Deposit Insurance Corporation (FDIC), acted to close and seize IndyMac, a \$32 billion, federally insured mortgage lender that was as much as \$8 billion underwater. In taking over IndyMac, Bair used the opportunity to design and test a strategy that she has long urged on the mortgage industry: refinance sub-prime loans at affordable rates, rather than foreclose on the borrower. The model plan, announced Aug. 20, will allow up to 60,000 homeowners to keep their houses and could serve as a template for the broader reform that Bair has championed since the sub-prime crisis began.

Their experiences in the financial crisis have led Geithner and Bair, both non-radical officials with impeccable establishment credentials, to embrace increasingly far-reaching remedies. Both top any list of potential appointees for the next secretary of the treasury—the official who will be responsible for the most drastic financial restructuring since the Great Depression. The treasury secretary is the government's senior economic official—charged with raising revenues, managing the government's finances, overseeing the banking system, and interacting with the Federal Reserve. In calm times, it can be a quiet job. In an economic crisis, treasury secretary becomes a key power position. The list of plausible candidates is short, for the number of people who fully grasp the dimensions of the current crisis, have the competence to deal with it, and enjoy the confidence of both Wall Street and its critics could fit in a phone booth.

A PHONE BOOTH is not a bad metaphor for Geithner, whose phone rings whenever a big financial firm like Bear Stearns is about to go bust. As president of the most important of the regional Fed banks since November 2003, Geithner has not only had a front-row seat at the most serious financial collapse since the 1930s, he is the key public official who has prevented it from becoming another Great Depression.

The New York Fed has long played a special role at the intersection of government and private finance. Ever since the Federal Reserve System was created by Congress in 1913, the New York Fed has been first among equals. Geithner's predecessor, Bill McDonough, orchestrated the emergency 1998 restructuring of Long Term Capital Management, the hedge fund whose spectacular collapse threatened to take down its leading creditor banks; it was McDonough who made a secret trip to Riyadh in 1990 to arrange for Sheikh Alwaleed bin Talal to bail out a nearly insolvent Citibank. And it is Geithner's staff—not Fed Chairman Ben Bernanke's—that probes the books of the biggest banks. When the Fed decides to intervene in money markets, the New York Fed carries out the policy by buying or selling bonds. And it was Benjamin Strong, president of the New York Fed in the 1920s, who aggressively maintained price levels by buying and selling securities. Had Strong not died in 1928, many scholars think the 1929 stock market crash might not have turned into the Great Depression.

Unlike many senior Treasury and Fed officials, Geithner is not a high roller from a big bank or investment house but a public-minded civil servant. He has neither a doctorate in economics nor an M.B.A. After receiving a master's degree in international economics from Johns Hopkins University, he worked as a research assistant to Henry Kissinger and then joined the Treasury, where he was posted as an assistant attaché in Japan. He came to the attention of both Larry Summers and Robert Rubin and quickly moved up the ladder. He was a key player in the containment of the Asian financial crisis of 1997–1998 and later went to the International Monetary Fund as a top official. Despite being a Democrat, he was named president of the New York Fed after two stronger and more conservative candidates withdrew.



Geithner's admirers span the spectrum from Republican financial mogul Pete Peterson to liberal Democrat Barney Frank. One can infer from his broad fan base three possible conclusions: Wall Street is so clubby and politically powerful that permissible policy differences just aren't that great; or maybe Geithner is all things to all people; or perhaps, in a deep crisis, truly talented and effective people can earn broad respect.

**LIKE GEITHNER**, Bair has mainstream credentials. A Republican Bush appointee to the FDIC, she nonetheless has emerged as the toughest of the several banking regulators in the current financial crisis. She leaned hard on Bush to sign the recent mortgage-refinancing bill and supported an even tougher version. She has been a strong ally of Democrats Barney Frank and Chris Dodd as they push for better banking regulation. Her passion has been promoting the idea that refinancing is preferable to foreclosure. And the IndyMac seizure gave her the chance to field-test this systematic approach.

Her pro-regulation stance is partly institutional. The FDIC is typically among the tougher regulators—because its own insurance funds are at risk when an insured bank plays cute. But Bair also has an interesting personal history. She was a banker from small-town Kansas before becoming a senior staffer to former Sen. Bob Dole.

Many small-town bankers display a populist aversion to Wall Street, which often takes advantage of Main Street. Roosevelt's Fed chairman, Marriner Eccles, the only populist ever to head the central bank, was a small-town banker. Rep. Henry Steagall of Alabama, the House sponsor of the landmark Glass-Steagall Act of 1933, championed local banks against the titans of Wall Street.

Bair is in this tradition. If anything, she would likely be an even tougher regulator than Geithner. Like him, she knows Wall Street but is not of it, having served as assistant secretary of the treasury for financial institutions early in the Bush administration, and as acting head of the Commodity Futures Trading Corporation under Bill Clinton. She also did a stint at the New York Stock Exchange.

When a Democratic president takes office, the tradition is to reassure Wall Street by appointing as treasury secretary either a Republican or a Wall Street Democrat. Clinton initially named Lloyd Bentsen, then the financially conservative chair of the Senate Finance Committee. Bentsen was succeeded by Robert Rubin, co-chair of Goldman Sachs—perhaps the ultimate Wall Street Democrat. John F. Kennedy went for the full monty; his treasury secretary was a leading Wall Street

Republican, Douglas Dillon of the financial house Dillon Read.

With Bair, Barack Obama would get a fully credentialed and expert Republican—but one who is more progressive on financial regulatory issues than most Democrats. That might appeal nicely to Obama's wish to be simultaneously bipartisan and progressive.

**NO MATTER WHO** is appointed, the critical issue going forward is whether the next administration will just keep lurching from bailout to bailout—or whether they will get serious about a New Deal-scale overhaul of the financial system and its standards so that the cycle of speculative bubble and government bailout ceases.

Speaking to the Economic Club of New York last June, Geithner called for a far-tougher regulatory policy to alter “the

level and concentration of risk-taking across the financial system.” He got quite specific, saying regulators “need to make it much more difficult for institutions with little capital and little supervision to underwrite mortgages.” The speech is a blueprint for fundamental overhaul. He has delivered the same message in congressional testimony.

This is also Bair's view. Unlike the New York Fed's ad-hoc rescues, the FDIC operates under a detailed framework when it supervises, examines, and some-

times takes over insured banks when they fail. Like Geithner, Bair has urged an extension of this brand of regulatory authority to financial institutions outside the current structure.

By contrast, Paulson, the current treasury secretary, has called for broad general oversight by the Federal Reserve, with ad-hoc interventions as necessary. According to an official who has been privy to these debates, “Paulson's approach is a joke. The Fed has now extended the safety net to investment banks, private equity firms, and hedge funds. The real question is what kind of detailed public supervision will there be in exchange for these public benefits.”

In the crisis management over the past year, Geithner has worked closely with Paulson. And Bair has emerged as a formidable player in the policy discussions of Paulson's senior working group. But their contrasting views of the system's architecture going forward define the axis of the core policy debate that the next administration must resolve.

The views of Geithner and Bair have increasingly converged with those of the key Democratic banking legislators. As Rep. Frank told me, “Supervision of commercial banks today is pretty good. The problem is that other players like investment banks, hedge funds, and private equity companies do many



**Short List:** New York Fed president, Timothy Geithner, and FDIC chair, Sheila Bair

of the same things banks do and can put the whole system at risk. So they need the same degree of regulation. And examiners need both access to their books, and the ability both to ask further questions and to say, Stop.”

That would be a revolutionary shift in the way government regulates investment bankers, private equity firms, and hedge funds, none of which have been subject to scrutiny of their books or their capital positions (except after the fact in cases of fraud or crisis). But Barack Obama has said much the same thing. “We need to regulate institutions for what they do, not what they are,” he said in a radically reformist speech last March in New York.

## Other plausible contenders for the job



**JON CORZINE**, governor of New Jersey. Corzine is by far the most progressive of the Goldman Sachs senior alums who have colonized Washington, who include Rubin, Paulson, and former Bush top economic adviser Steve Friedman. Goldman is the rare firm that has not suffered from the financial collapse,

but most of its graduates have concluded that the remedy is smarter people just like themselves, not better rules.

By contrast, Corzine believes in tougher regulation.

**LIABILITY:** A free spirit; a bit hard to imagine him as an Obama team player.

**DANIEL TARULLO**, Obama’s top adviser on financial issues. After Obama’s remarkably detailed and assertive Cooper Union speech, people wondered where it came from. The candidate evidently spoke to a range of people that included former Fed chairman Paul Volcker and super-investor Warren Buffett. But my reporting points to Tarullo as a key influence. A law professor at Georgetown and former senior Clinton official on international economic policy, Tarullo is probably the most progressive senior economic adviser to Obama. **LIABILITY:** Perhaps not quite enough Wall Street experience to be secretary, but could be the key sub-Cabinet or White House player in the reform design.



**ROGER ALTMAN**, deputy secretary of the treasury in the first Clinton administration. In normal times, Altman would be a front-runner. In addition to two sub-Cabinet posts at the Treasury, he’s worked at Lehman Brothers, the Blackstone Group, and is now chairman of his own private-equity boutique. The quintessential Wall Street Democrat, Altman was a big Hillary Clinton backer. **LIABILITY:** A major supporter of the deregulation that got Wall Street into this mess.

When Franklin Roosevelt had to rebuild a ravaged financial system in 1933, he could draw from hundreds of knowledgeable veterans of the Progressive Era. Roosevelt’s adviser and later Supreme Court Justice Felix Frankfurter could reach into his Harvard Law School network and send Roosevelt legions of “Frankfurter’s Happy Hot Dogs,” the young prodigies who designed the modern system of financial regulation. Ever since the crash of 1929, serious people had been intensely debating details of just how to tame the monster of speculative finance, and they had concrete ideas.

Today, however, the likes of Geithner and Bair are few. The legacy of 30 years of deregulation has done damage not just to the markets but to the ranks of financial experts who embrace regulation. In 2009 we will need landmark reform legislation on the scale of the great Roosevelt-era laws that redefined the structure of the banking system and established ground rules for commercial and investment banks, securities brokers, and stock exchanges. The challenges are both philosophical—what should be regulated and why—and institutional—which agencies of government should be charged with what responsibilities. Because the pervasive ideology of deregulation has lately been disgraced by events, it is only now that these questions are being asked seriously.

As Geithner, Bair, and Obama have each suggested, all financial institutions with the potential to infect the system and trigger government bailouts need far more extensive supervision and examination, as well as capital, leverage, and liquidity requirements. This would be a first for investment banks, hedge funds, and private equity firms. But these enterprises now engage in the same business activities as regulated banks, and they all infect each other. Last year, according to Frank, 60 percent of all credit in the United States was created by financial institutions other than banks, many of them almost entirely unregulated and unexamined. If an institution quacks like a bank, incurs risk like a bank, and gets bailed out like a bank, then it needs to be regulated like a bank.

In addition, some practices are so dangerous to the system that they need to be prohibited outright. These include the conflicts of interest between stock brokers and their customers, the flagrant hazards built into the bond-rating system, as well as abuses of short-selling. The landmark legislation will also need to fix the current patchwork of overlapping and underperforming government agencies.

If John McCain is elected, he might turn to a far more reckless financial type than Tim Geithner or Sheila Bair. Some have touted former Sen. Phil Gramm as a McCain treasury secretary. Gramm, more than any other senator, was responsible for the regulatory dismantling. Appointing Gramm would almost guarantee another Great Depression.

Even if Obama is elected, there will be immense political pressures not to appoint tough regulators or enact tough regulation, and we could end up with a weaker leader than Geithner or Bair. Whether hawk, pussycat, or fox in the chicken coop, the next treasury secretary will only be as effective as the next president allows. **TAP**





# THE COLOR OF OPPORTUNITY



**Narrowing racial divides and expanding prosperity for all**





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SPECIAL REPORTS EDITOR Robert Kuttner  
GUEST EDITOR William E. Spriggs  
DIRECTOR OF EXTERNAL RELATIONS  
Dorian Friedman, (202) 776-0730 x111  
SUBSCRIPTION CUSTOMER SERVICE  
1-888-MUST-READ (687-8732)  
SUBSCRIPTION RATE \$24.95

For bulk reprints, please contact  
Adam Waxman at [awaxman@prospect.org](mailto:awaxman@prospect.org).

# The Economic Crisis in Black and White

*Narrowing America's racial divides and expanding opportunity for all*

BY WILLIAM E. SPRIGGS

Today, the U.S. economy is facing one of its greatest challenges in decades. The recent seven-year economic expansion netted a record for producing the fewest jobs since Herbert Hoover was president. The median income for American households has not kept up with inflation. So as the economy slows, households are in a weaker position than they were when the expansion began in 2001. Further, prompted by a housing bubble that inflated home prices to unsustainable levels, Americans facing declining incomes took on record debts secured by those now-shaky home values. From January through August, the economy has been shedding jobs, throwing more workers into the labor market.

Polls show that Americans understand the economy is going in the wrong direction. Rightly, they score President Bush, who has overseen the economy skid off course, with the lowest marks on record for a president. But Americans are not expressing much empathy for those who are suffering the most. People have been upset at bailouts for Wall Street companies like Bear Stearns, but they have not been vocal enough in demanding help for Americans who have lost their jobs, incomes, and homes.

This *Prospect* special report focuses on one of the great cleavages in America that prevents the empathy needed for American workers to bond together to demand a better course—race. It may seem odd to dedicate an issue to a call for solidarity in understanding how growing inequality affects Americans while the nation celebrates its breakthrough in having an African American nominee of the Democratic Party—the major political party associated with working Americans.

As Barack Obama's nomination sug-

gests, America has come a long way, from largely symbolic breakthroughs in sports and entertainment to greater political maturity on race. But what have not caught up are either necessary policy changes or the necessary coalition politics to bring them about.

As long ago as the 1936 Olympics in Berlin, the triumphant black sprinter Jesse Owens, who won four gold medals, was America's answer to Hitler's "Master Race" of Aryans. At the time, America itself was still segregated. Forty-eight years ago, at the 1960 Olympics in Rome, America did its best to respond to Soviet taunts about its treatment of African Americans by highlighting Rafer Johnson, the decathlete, as captain of the U.S. Olympic team and flag bearer as the team entered the stadium in Rome. Television broadcasted home the images of Wilma Rudolph and a young Cassius Clay, later Mohammed Ali, winning medals for America. Since then, Americans have grown more comfortable with such black "exceptionalism"—

whether it is Oprah Winfrey, Bill Cosby, Tiger Woods, or Michael Jordan. With our black media stars, we congratulate ourselves that America has fulfilled Dr. Martin Luther King's speech delivered 45 years ago in August, calling for an American dream where people would be judged by the content of their characters and not the color of their skins.

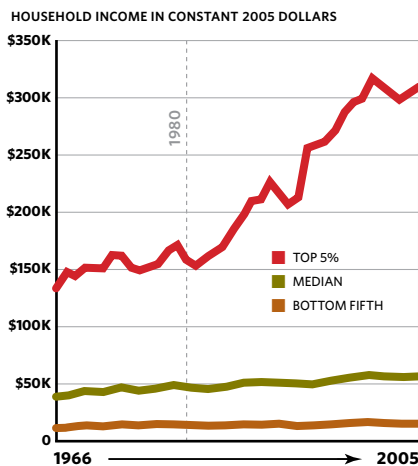
Yet, while the economy has failed American workers—generating more inequality than growth, more debt than income—discussing solutions to America's economic woes rekindles America's racial cleavage. White voters are asked to weigh issues such as trade and its effects on wages and jobs, or the complications of providing health care and its effects on take-home pay and retirement benefits, or the rising costs of college tuitions on their children's futures. But black voters are too often given a lecture on presumed black pathologies—a lack of interest in education and the skills needed to compete, a weak sense of family, and high criminal proclivities. One could easily assume that white America was doing fine, and if black America would only get its act together, black Americans would be doing just as well. You might almost believe that the hundreds of thousands of jobs America has lost in manufacturing in the last seven years were only lost by lazy, poorly educated African Americans too busy having babies to get the skills to keep their jobs. You might almost believe that gas and food prices were rising only for black Americans, preventing only their wages from keeping up with the rising costs of living.

**THIS BIFURCATION IN** the discussion of America's economic woes blocks identification of the true similarities and differences among workers of different races. The usual frame leads African Americans to experience white views as insensitive to their plight—while for whites it dangerously masks the broader rise in economic inequality. Whites too easily see the black economic condition as the result of failing lifestyles, not a failing economy. Blacks too easily put the blame on either their own shortcomings or on discrimination.

Properly understood, what has befallen the black community should be viewed as water coming into the steerage section of an ocean liner—special problems for those getting wet but a clear sign the entire ship is in trouble. The current debate on black pathologies is

### THE AVERAGE INCOME OF THE TOP 5 PERCENT HAS DOUBLED SINCE 1980

...while middle- and low-income people struggle to stay in place.



the 1960s, many of those benefits were strictly segregated. Even so, the postwar boom produced unprecedented prosperity, and decent distribution required deliberate policies.

Today's rising inequality is widely blamed on globalization. But the current global forces have not stopped America's growth, and in the 1990s we briefly saw growth and productivity return to its postwar trend after stalling in the 1970s and 1980s. However, with weaker distributive policies, growth has benefited a smaller set of Americans. In fact, since 1980, the incomes of those at the top have doubled, while those in the middle and at the bottom have remained flat.

White men, especially those without college degrees, are not doing very well in today's economy. But they continue to do better than similarly situated blacks. What's needed is a careful disentangling of three factors: lingering racial discrimination; the true role of education in determining income; and the labor-market factors that have depressed earnings for blacks and whites alike—and their true common interests

## The racial definition of America's economic challenges blocks identification of true racial similarities and differences.

delaying a call for getting out the lifeboats and ensuring a fair distribution of those lifeboats—and building a more seaworthy ship for the next voyage. So far, the result has been, as with the Titanic, lifeboats for the rich in first class.

At the same time, we need to be candid with the depth of persistent racial disparities in the economy. Life remains bleak in the steerage section.

The U.S. set about a grand journey in the post-World War II era to ensure that economic depression was defeated and that renewed economic growth would be widely shared. The broad set of government policies that were pursued through the GI Bill to expand access to higher education and homeownership to a broad swath of America helped create a path to shared prosperity. Until

in an economy of greater opportunity and broader prosperity.

The median earnings for white men with only a high school education were \$36,539 in 2006, according to the latest U.S. Census Bureau data, and that figure has declined over time. But the median earnings for blacks (men and women) with only a high school education were \$24,669, almost \$12,000 a year less or about one-third less than the earnings of white men. To fully understand the depth of that difference, consider that about 70 percent of white men with a high school education made more than the median for blacks (and conversely, only about 25 percent of blacks earn more than the median of whites)! In July, the unemployment rate for black high school graduates was 9.4 percent, while

for white male high school graduates the rate was 5.4 percent. Similar disparities exist for those with college educations.

So it would appear natural for whites to believe that blacks must not value education or simply are not willing to work, since absent information on these gaps, the lower earnings and higher unemployment experience of blacks are consistent with those of less-educated whites. But the reality for white men and blacks is that both are being denied the fruits of their production. However, given the superficiality of the usual discussion of differences and similarities, it is often hard for moderate-income whites to see blacks as being part of their same working class.

## Blacks are more likely than whites to live in states with weaker safety nets and social benefits—and lower rates of unionization.

**THE ARTICLE IN THIS** special report by William Rodgers draws attention to this reality. Because the median income for blacks places them in the bottom third of the white income distribution, blacks and the bottom third of the white income distribution have similar experiences in the economy. As the bottom third of the income distribution—black and white—loses earning shares, working-class white men should recognize that they and blacks are both below the waterline, rather than think of blacks as being on a different boat.

By the same token, if many whites are overly inclined to blame the black condition on poor education, skills, and work habits, many blacks are too inclined to pin all their problems on racial discrimination or lack of education. With a \$12,000 gap in income between white and black high school-educated male workers, it would take a 50 percent increase for black earnings to reach comparable white earnings. So it would appear to blacks that racial inequality alone is the big problem. And because more-highly educated blacks have higher earnings, and because whites have a higher rate of college graduation than

blacks, it is easy to see why, for many in the black community, the same story of black pathologies about education are an easy sell. From a policy perspective it is easier to discuss closing gaps in education than to have the more difficult discussion on the persistence of gaps in earnings and unemployment among comparably educated black Americans. And by focusing on education and discrimination, blacks and whites politely excuse blacks from the conversation about the bigger topics of trade deficits, oil speculation, and financial-market misbehavior as not relevant to the larger shortcomings of the economy.

The cold hard facts are that education (and even the use of standardized test

scores) fails to explain the racial gap in unemployment. In 2000 when black family income reached a record high, blacks had reached the high school completion rate reached by whites in 1991, and the college completion rate reached by whites in 1977, but only the income of white families from 1963! Only about one-third of the over 20 percent gap in wages between black and white men can be explained by differences in education; region (blacks are more likely to live in the South where incomes are lower); months of work experience (lower for blacks because of higher unemployment rates); firm size (slightly higher for blacks because they tend to be hired more by large firms that use formal hiring practices than by small firms that tend to use word-of-mouth practices and job referrals from friends and relatives, and large firms pay higher wages than smaller firms do); unionization (blacks are more likely than whites to belong to unions, and unionized workers get paid higher wages); job training (blacks tend to get less on-the-job training, and training helps boost earnings); and marital status (black men are less likely than whites to be married, and married men are paid more than single men).

So, for all the fuss about black pathologies, a large residual of racial inequality remains. Politely, one would consider that the discussions of the shortcomings of the black community are a discussion about the obvious and therefore the easy-to-address policy solutions. A more cynical view would be that the discussions are based on racial stereotypes and that creating distance between black and white workers on that basis avoids deeper discussions about how inequalities are generated and tolerated—along both racial and class lines.

**THIS SPECIAL REPORT** addresses many of the distinct ways in which the growth in inequality plays out differently in the black community, so that a dialogue can be started about how to create paths to equality that will not exacerbate the racial gap by ignoring those differences. For instance, the piece by Cecilia Conrad and its companion piece by Marlene Kim look at the interplay of race and gender inequality, and the fact that the black work force is more female than male, a unique characteristic among racial and ethnic groups in the U.S. If gender inequality is ignored, it is not possible to address the gap in earnings faced by black America.

These several issues overlap with the problems of how immigration reform is debated and with the barriers to an open and fair listing of jobs in the low-wage labor market, as discussed in the pieces by Maria Echaveste and Carmen Martino and David Bensman. And while blacks are more likely to be members of unions than whites are, so the drop in unionization rates takes on a more ominous meaning for blacks, as the piece by Steven Pitts highlights.

Though most of the report looks at problems of income and labor-market disparities, the long-run legacy of failing to address disparities in income has resulted in the gaps in wealth (the accumulated store of savings and income), which are even more extreme than the gap in income for blacks and whites. This means that white families have a deeper cushion of savings to fall back on than black families have, as well as a legacy to help their children with a head start.





**Bayou Blues:** Katrina's rising tide swamped the boats of the poor.

As the recent gains in homeownership for blacks are ravaged by the sub-prime catastrophe, the almost 25 percentage-point gap in homeownership returns to a permanent fixture of the racial landscape in America, as Melvin Oliver and Thomas Shapiro discuss in their piece.

Racial redlining relegated middle-class black homeowners to the tender mercies of unregulated and predatory mortgage lenders to seek the refinancing that American homeowners used to weather the storm of poor job growth and flat earnings of the Bush years. This discrimination in turn led directly to the current debacle of the sub-prime market collapse. Here is truly a case where tolerating racial disparities produced a disastrous outcome for everyone.

Finally, while this issue primarily addresses the African American work force, there are parallel issues facing Hispanic and Asian American workers. We need a more honest and searching discussion of the rights of immigrants to the American dream. However, it is the African American community that bears the brunt of a distorted view of inequality—one rooted in stereotypes of black inferiority, a past that Dr. King dreamed of transcending. And in the general dialogue about inequality, His-

panic and Asian families are not singled out for failing to encourage education and lacking a sense of family.

**IF WE ARE TO LIVE UP TO** Dr. King's speech of 45 years ago, then we must judge communities the same way. In 1969, a year after Dr. King's murder, the birth rate to unmarried black women stood at 90.6 children to every 1,000 unmarried black woman, and today it has fallen to 67.8 children. Today, 82 percent of black men over 25 are high school graduates, compared to 31.9 percent in 1969. Dr. King could only be disappointed that the nation would still rather discuss issues of character and race than economic justice. We need a discussion about inequality that will ensure that our political leaders will build the life boats they failed to deliver to New Orleans, as nothing changed when the levees broke in Iowa this year. We must understand that while flood waters destroy all homes, some folks lack the resources to flee on their own, some folks live on lower-lying land than others, some folks live in houses with more stories than others, but we had better understand that a flood endangers all of us. Anything that will take away our ability to empathize will eventually leave us all in the water with no help.

America faces an economic challenge today that is greater than any it has faced since the Great Depression. At that time, Franklin Roosevelt corrected the faults in the economy and created the Social Security Act to build lifeboats for Americans drowned by the failure of the marketplace. He had to create that out of whole cloth. Today, Americans have endured a withering 30-year-old campaign against the nation's safety net, convinced that we could all go it alone. That attack was, in part, predicated on the manipulation of racial stereotypes with the use of "welfare queens."

Yet, more broadly, as the piece by John Powell highlights, states with higher shares of African Americans and Hispanics have

devised safety nets that are wholly inadequate—ranging from state minimum-wage laws, access to health insurance, and unemployment benefits to the right to join unions. The result is that blacks are more likely than whites to live in states where the safety net is already weakened, as we saw in New Orleans, causing poverty to be an American phenomenon disproportionately in the South and Southwest. The economic downturn of 2001 showed how porous the safety net was, as poverty began to rise throughout this "economic recovery."

However, there has never been a more urgent need as there is now for all Americans to see themselves in the same boat. Now is not the time for those who did not make the decisions that put the U.S. economy in this position to blame one another. Rather, now is the time for those who have entrusted the economy to others to speak as one and to right the ship. **TAP**

*William E. Spriggs is a professor in and chair of the department of economics at Howard University and a senior fellow of the Community Service Society of New York. He is the former executive director of the National Urban League Institute for Opportunity and Equality.*

# Understanding the Black-White Earnings Gap

*Why do African Americans continue to earn less despite dramatic gains in education?*

BY WILLIAM M. RODGERS III

Today, African American men working full time and year round have 72 percent of the average earnings of comparable white men. For African American and white women, the ratio is 85 percent. And during good times and bad, the black unemployment rate is typically stuck at about double the white rate. The persistence of these gaps is the subject of both a scholarly and a popular debate that is ideological as well as technical.

There are two broad views of what is occurring. One view attributes persistent earnings inequality to the injuries of social class compounded by the legacy of segregation and slavery: family background and poor schools and a resulting deficit of cognitive skills are said to explain most of the gap. But a second strand of thinking identifies changes in the labor market and lingering racial discrimination as major factors.

It's not as if this debate is just so much conjecture. There is an extensive body of research on the subject. Numerous studies, in fact, find that not even half of the racial differences in test scores can be explained by family background and school quality. They also show that the economic returns to the test scores and their determinants vary by race and that even when test results are effectively equal, racial earnings gaps remain. So, plain discrimination remains part of the story.

Yet, many researchers and policy-makers persist in calling for education as the sole remedy for addressing the economic challenges of African Americans. Education is of course important, but even more important in explaining

these gaps are macro-economic factors and changes in institutions that influence labor markets.

Since the 1970s, more Americans have been getting more and better schooling. Yet earnings and income inequality have increased substantially. For men, from 1975 to 2005, the ratio of the 90th (highest) and 10th (lowest) percentiles of the earnings distribution jumped by over two percentage points from 3.8 to 5.9, with three-quarters of the increase occurring in the upper half of the income distribution. The ratios for women exhibited similar, though less dramatic, shifts. Thirty years ago, the average college graduate earned 38 percent more than the average high school graduate. Today, the gap is 63.4 percent. Much of that widening is due to the decline in the real earnings of high school graduates.

Just as there is a huge research literature on the cause and cure of black-white earnings gaps, there is a parallel scholarly debate about what caused rising income inequality generally. Many contend that the gap reflects a rapid increase in employers' need for better-skilled workers. Once again, education is seen as the remedy for restoring opportunity to low- and moderate-skilled Americans of all races.

**THE CONSISTENTLY** understated factor explaining what has occurred during the past three decades is a weakening of the labor-market institutions that once produced increased equality—both racially and among workers generally. These factors include weaker rates of job creation during periods of economic expansion, diminished power of unions, a shift from manufacturing to services, and greater

ease of offshoring, as well as increased returns to skills. All these factors undercut earning power among workers with lower skill levels, who were disproportionately African American. But they also undercut worker bargaining power generally, so higher skills are only part of the solution.

By the same token, the increased income concentration at the very top reflects factors such as deregulation, globalization, and a weakening of government counterweights to inequality—factors that have almost nothing to do with the distribution of skills. And although some racial discrimination persists, in many respects black and white workers find themselves in a convergent condition of greater economic vulnerability. Because of the well-documented shift in labor demand toward better-skilled workers, the lower third of the white wage distribution and bottom half of the African American wage distribution have been unable to keep pace with moderate-skilled whites and high-skilled blacks and whites. Thus, a portion of the racial wage gap is actually due to a host of “race neutral” factors—changes in the labor market that adversely impacted both blacks and whites. Since a larger portion of African Americans faces these challenges, a disproportionate share is disadvantaged. However, a growing percentage of white workers are now experiencing the same kinds of economic challenges that most African Americans have been facing since the 1970s.

**Weak Job Creation.** During the recent economic expansion (2002–2007), the economy generated approximately half the number of jobs that are typically created in an expansion. Average monthly

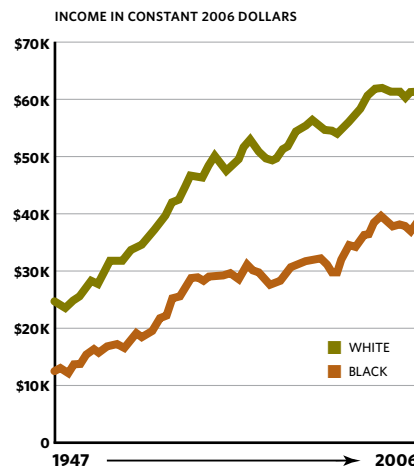
job growth lagged behind the growth in the labor force. The economy failed to create enough jobs to either absorb the natural growth in the labor force or extend prosperity to disadvantaged Americans who were out of the labor force. Hidden unemployment—involuntary part-time work, people who have given up looking for work, people doing intermittent day labor—remained stubbornly high.

This slow rate of job creation relative to labor-force growth has undercut the ability of workers to demand better compensation, fringe benefits, job security, or safer working conditions. Though lingering discrimination may have a disproportionate impact on blacks, the trend affects all Americans.

**The Diminished Power of Unions.** In 1983, 20.1 percent of working Americans were union members. Today that percentage is 12.1 percent and is under 8 percent in the private sector. The union-wage premium—the wage advantage that union membership typically yields—has narrowed, too. During the 1980s, estimates from the Current Population Survey ranged from 34 percent to 39 percent. Today, the estimate is 30

ing earnings advantage relative to private services has all but vanished. After peaking at 14.9 percent in 1985, the manufacturing-earnings advantage fell to 10 percent in the mid-1990s, and 5 percent from 2000 to 2005. Today, there is virtually no difference between the two sectors' average hourly wages. The convergence occurred because service-sector wages grew faster than manufacturing wages did during the 1990s, and since 2003, service wages trended upward,

### MEDIAN FAMILY INCOME



## Many policy-makers mistakenly identify education as the sole remedy for addressing the economic plight of African Americans.

percent. So, the erosion in power has two dimensions. Fewer workers are receiving the benefits of collective bargaining, and if a worker is a union member, the wage advantage has diminished.

And although some unions in the skilled trades had a history of racial exclusion, the union movement as a whole, particularly in the postwar era, has been a force for greater opportunity and upward mobility for African Americans and other non-white racial and ethnic groups. To the extent that organized labor has been weakened, so has that source of greater earnings equality.

**Shifts from Manufacturing to Services.** In 1970, 25.1 percent of jobs were in the manufacturing sector. Today that figure is 10.1 percent. The manufactur-

ing earnings advantage relative to private services has all but vanished. Since the mid-1990s, along with adding a large number of lower-paying service-sector jobs, the sector also added a large number of higher-wage jobs, while in the manufacturing sector, high-wage jobs vanished or were replaced with lower-wage jobs.

**Implicit Contracts Have Eroded.** Among nearly all groups, regardless of educational attainment and experience, the odds of displacement have risen in recent years. Average tenure on the job has fallen and many younger workers understand that most of them will work for multiple employers during their careers. At the same time, transitional programs such as Unemployment Insurance became less supportive. (There are

proposals to generalize the Department of Labor's Trade Adjustment Assistance Program to any worker who loses his or her job through no fault of his or her own.) Employer-provided benefits, such as health insurance and retirement packages have also dwindled. And if an employer does offer benefits, employees bear an increasingly larger portion of the costs.

**Technological Change.** The application of information technology to the production of all types of goods and services has led to a surge in demand for workers with not only computer skills but also a variety of capabilities, such as problem-solving skills. The application of IT also made global markets more integrated, substantially reducing the cost of moving goods and information. Princeton University economist Alan Blinder has estimated that "between 22 [percent] and 29 percent of all U.S. jobs are or will be potentially offshorable within a decade or two."

This shift in demand, however, does not mean that the search for more-advanced workers explains all of the widening income inequality. Nor does it mean that earnings gaps will be solved primarily by skills training, especially since offshoring makes even the most-advanced workers more vulnerable.

**Failure of Government to Counteract These Trends.** Where do we go from here? Consider two widely used economic-development indicators: public- and human-expenditure ratios. The former is the percentage of gross domestic product that goes to public expenditure. The latter is the percentage of GDP devoted to such outlays as social-insurance funds, housing and community services, health, recreation and culture, elementary and secondary education, and higher education.

The ratios were introduced in the 1991 Human Development Report of the UN Development Program, as a way to assess a country's values and priorities. The economic-development literature identifies eight human-priority areas: literacy, K-12 education, higher education, basic health standards, curative care, primary health care, hospitals, and Social Security. We focus our discussion on the human-expenditure ratio.



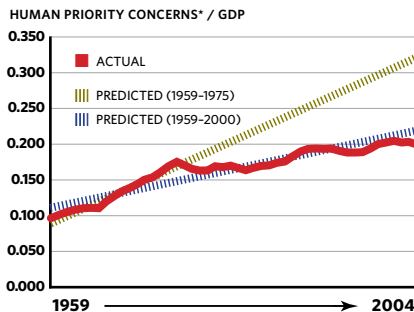
The chart at right plots the human-expenditure ratio from 1959 to 2004. From the early 1960s to the mid-1970s, human expenditure grew steadily, peaking at just over 17 percent. Since then, the pace of growth has slowed dramatically. The figure plots two trend lines. One is based on average annual growth from 1959 to 1975. The other is based on average annual growth from 1959 to 2000. These linear projections indicate that current human expenditures are below trend. In fact, they have been below trend since the 1980s.

The slowdown is consistent with three stories: 1) Perhaps an additional dollar spent on human priorities is more efficient than it was prior to the 1990s. Less investment is needed to achieve the same human-development outcomes; 2) Or maybe, by the end of the 1970s, human expenditures reached a self-sustaining threshold. Since then, increases are associated with meeting recurring needs, such as investing in the education of successive cohorts; and 3) Alternatively, the stagnation in human expenditure coincides with the growth in black-white inequality and has something to do with the increase in income inequality. I favor the third explanation.

The human-expenditure ratio mirrors income inequality's path, almost doubling from 1959 to the mid-1970s but for

## U.S. HUMAN-EXPENDITURE RATIOS

Government social benefits related to GDP, 1959-2004



\*Human priority concerns are defined as government social benefits, social insurance funds, housing and community services, health recreation and culture, elementary and secondary schools, higher education, libraries, and income security.

the remainder of the 1970s to the present, slowing in growth considerably. If the pattern of expenditures prior to the mid-1970s and the pattern from 1959 to 2000 had continued, today the ratio would range from 22 percent to 32 percent. Income of the typical African American would not have stagnated, and inequality growth would not have been dramatic. Quite troubling is that during the current economic expansion the ratio stagnated, coinciding with stagnating real incomes for much of the population.

Are these relationships causal? To answer this question, my research explored the causal links between human

expenditures and a variety of economic indicators over the past six years.

I find that states where human-expenditure ratios grew the most over the past five years are associated with currently having higher income, lower poverty, a smaller percentage of families below the self-sufficiency budget, lower food insecurity, and more residents with health-insurance coverage. Union membership is highest in these states. Policies such as the Earned Income Tax Credit are positively related to increases in the human-expenditure ratio. States with larger growth in their human-expenditure ratio are more likely to have a state EITC, which complements the federal government's EITC.

**SIMPLY PUT, PUBLIC** budgets face major economic and political constraints. Individuals and businesses don't want to make the necessary investments, especially if they mean higher taxes, and few politicians have the courage to build the case for the needed investments. Congressional deficit hawks are even balking at a second short-term stimulus package.

Thus, any new source of funds will have to come from a combination of the repeal of the Bush tax cuts for the wealthiest and the redirection of existing revenues. Here is some food for thought: According to the National Priorities Project,

## FURTHER READING

### Basic studies on the black-white gap in income and employment:

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Juhn, Chinhui, Kevin M. Murphy, and Brooks Pierce. (1991). "Accounting for the Slowdown in the Black-White Convergence," in *Workers and Their Wages: Changing Patterns in the U.S.*, edited by Marvin Koster. Washington, D.C.: The AEI Press, pp. 107-43.

### Studies identifying poor schooling and family background as the main cause of the income and jobs gap:

Mitra, Aparna. (2000). "Cognitive Skills and Black-White Wages in the United States Labor Market," *Journal of Socio-Economics*, 29: 389-401.

O'Neill, Donal, Olive Sweetman, and Dirk Van de Gaer. (2006). "The Impact of Cognitive Skills on the Distribution of the Black-White Wage Gap," *Labour Economics*, 13(3): 343-356.



### Studies pointing to persistent racial discrimination:

Rodgers, William M. III. (2006). "Male White-Black Wage Gaps, 1979-1994: A Distributional Analysis," *Southern Economic Journal*, 72(4): 773-793.

Rodgers, William M. III and William E. Spriggs. (2002). "Accounting for the Racial Gap in AFQT Scores: Comment on Nan L. Maxwell 'The Effect on Black-White Wage Differences of Differences in the Quantity and Quality of Education,'" *Industrial and Labor Relations Review*, 55(3): 533-541.

Rodgers, William M. III and William E. Spriggs. (1996). "What Does the AFQT Really Measure: Race, Wages, Schooling and the AFQT Score?" *Review of Black Political Economy*, 24 (Spring): 13-46.

the \$656.1 billion in Iraq spending that's been approved to date could provide over 193 million Americans with health care for one year or 679 million homes with renewable electricity. The \$656.1 billion could also finance the construction of 5 million affordable housing units.

The Gulf Coast area has some of the greatest need for human-expenditure investment. The contribution by Louisiana taxpayers of \$5 billion to the Iraq War could be used to build 60,000 affordable housing units. Alabama's and Mississippi's contributions to funding efforts in Iraq could build over 72,000 and 37,000 units, respectively. At the second anniversary of Hurricane Katrina, many individuals and families still remained officially homeless, occupying approximately 82,000 Federal Emergency Management Agency trailers: 45,000 in Louisiana, 20,000 in Mississippi, and 400 in Alabama. If managed properly, these dollars could have a tremendous impact on the Gulf region, with even a modest shift generating major human returns.

In sum, the economic well-being of an increasing number of Americans has converged toward the experiences of many African Americans, an economic fragility that has less to do with low educational attainment and more to do with structural changes in the U.S. economy and diminished human-expenditure investment in people and institutions. As human expenditures slowed, the adverse impacts of the diminished investment moved up the U.S. income distribution.

Today's human-expenditure investment is much lower than what would have occurred if the pace of earlier investment had been sustained. What got us in this predicament? We are living the consequences of failing to take the sage advice of the mechanic in the 1971 Fram oil-filter commercial: "Pay me now or pay me later." **TAP**

*William M. Rodgers III is a professor of public policy at Rutgers' Bloustein School of Planning and Public Policy and serves on the National Urban League's Council of Economic Advisors. From 2000-2001, Rodgers was the U.S. Department of Labor's chief economist.*

## Sub-prime as a Black Catastrophe

*First came racial redlining. Then came racial targeting of toxic and predatory loans. Both spelled economic disaster for African Americans.*

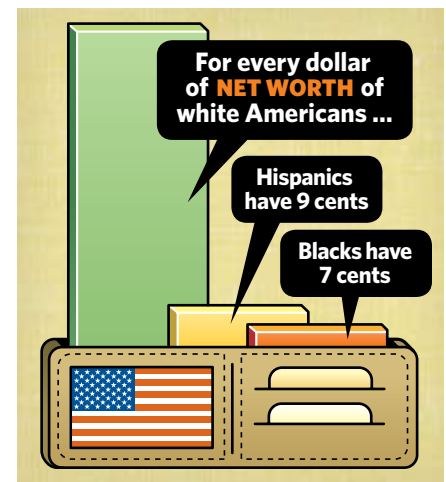
BY MELVIN L. OLIVER AND THOMAS M. SHAPIRO

No other recent economic crisis better illustrates the saying "when America catches a cold, African Americans get pneumonia" than the sub-prime mortgage meltdown. African Americans, along with other minorities and low-income populations, have been the targets of the sub-prime mortgage system. Blacks received a disproportionate share of these loans, leading to a "stripping" of their hard-won home-equity gains of the recent past and the near future. To fully understand how this has happened, we need to place this in the context of the continuing racial-wealth gap, the importance of home equity in the wealth portfolios of African Americans, and its intersection with the new financial markets of which sub-prime is but one manifestation.

Family financial assets play a key role in poverty reduction, social mobility, and securing middle-class status. Income helps families get along, but assets help them get and stay ahead. Those without the head start of family assets have a much steeper climb out of poverty. This generation of African Americans is the first one afforded the legal, educational, and job opportunities to accumulate financial assets essential to launching social mobility and sustaining well-being throughout the life course.

Despite legal gains in civil rights, however, asset inequality in America has actually been growing rapidly during the last 20 years. The assets that current generations own are heavily dependent on the legacies of their families of origin. Today's blacks still suffer from the fact that their parents and grandparents

grew up in a rigidly segregated America, where opportunities to accumulate human and financial capital were strictly limited. So housing wealth is a disproportionate share of total black wealth.



Despite some income gains, African Americans own only 7 cents for every dollar of net worth that white Americans own; for Hispanics the figure is only slightly higher at 9 cents for every dollar. Even when middle-class accomplishments like income, job, and education are comparable, the racial-wealth gap is stuck stubbornly at about a quarter on the dollar.

### HOUSING WEALTH: LAST IN, FIRST OUT

Prior to the sub-prime meltdown, the advances of African Americans in accumulating wealth depended heavily upon housing wealth. Home equity is the most important reservoir of wealth for average American families and disproportionately so for African Americans. For black households, home equity accounts for

63 percent of total average net worth. In sharp contrast, home equity represents only 38.5 percent of average white net worth. According to the Economic Policy Institute's *State of Working America 2008/2009*, black homeownership rates dropped a full percentage point between 2005 and 2007—the largest decrease for any racial or ethnic group.

Even though homeownership rates for African Americans are lower, and even though a “segregation tax” is in play because homes appreciate far more slowly in minority or even integrated neighborhoods, housing wealth is still a more prominent engine of wealth for African American families. Given this centrality

reality it disguised a less-rosy economic picture. Often it was the only way for families to keep pace with rising essential costs and burgeoning debt.

Between 2003 and 2007, the amount of housing wealth extracted more than doubled from the previous period, as families pulled out \$1.19 trillion—an incredible sum that allowed families to adjust to shrinking purchasing power and that significantly boosted gross national product. So, while homeownership reached historic highs, families today actually own a lesser share of their homes than at any previous time, because they have borrowed against their housing wealth.

Families typically spend more as house

and regulations, became the market's answer to broadening homeownership.

But the industry-promoted picture of sub-prime as an instrument of homeownership opportunity for moderate income buyers is highly misleading. First, homeownership rates reached their historic highs before the zenith of sub-prime lending; and, second, increased access to credit brought homeownership opportunities within the reach of groups that had historically been denied access to credit. The issue became the terms of credit.

In hindsight, many critics now describe the sub-prime crisis as the consequence of bad loans to unqualified borrowers. In fact, the issue needs to be reframed to focus on the onerous terms of these loans. Data from the longest natural experiment in the field—the Community Advantage Program, a partnership of Self-Help, Fannie Mae, and the Ford Foundation, where tens of thousand of loans were made beginning over a decade ago—show that home loans to apparently riskier populations, like lower-income, minority, and single-headed households, do not default at significantly higher rates than conventional loans to middle-class families do, as long as they are not the handiwork of predators.

The difference is that loans such as ones made through the Community Advantage Program had terms that were closer to conventional mortgages as opposed to the risky terms that have characterized sub-prime mortgages. The latter had high hidden costs, exploding adjustable rates, and prepayment penalties to preclude refinancing. When lower-income families have similar terms of credit as conventional buyers, and they are linked with a community-based social and organizational infrastructure that helps them become ready for homeownership, they pay similar interest rates and default at similar rates.

#### **PREDATORY LENDING AND WEALTH STRIPPING**

Minority communities received a disproportionate share of sub-prime mortgages. As a result, they are suffering a disproportionate burden of the harm and losses. According to a Dēmos report, *Beyond*

## **Minorities got a disproportionate share of sub-prime mortgages—and more than their share of the harm and losses.**

of homeownership as a source of wealth accumulation for black families, and the racialized dynamics of housing markets, sub-prime has been a special disaster for black upward mobility.

Families use home equity to finance retirement, start small businesses, pay for college educations, and tide themselves over during hard times. Information from the Federal Reserve Flow of Funds on home equity cashed out during refinancing (loans refinanced above 105 percent of the balance on the original loan) tells a dramatic story. Refinancing resulting in cash pullouts skyrocketed from \$15 billion in 1995 to \$327 billion in 2006. This is housing wealth converted, potentially, into other investments, used to launch social mobility, pay down credit-card and store debt, or finance consumption.

Especially in minority and immigrant communities, home equity often is the collateral for small business start-ups. But, it appears that about half of this enormous recent cash pullout was not used for retirement or to invest in mobility but to pay down past debt. While the conversion of housing wealth into cash and then the infusion of it into the economy provided a boost to the economy, in

values increase and they can borrow against their equity. Then, as prices fall and credit is tightened, they spend less. For a time, up until the sub-prime meltdown, equity withdrawals acted as an engine of growth on the economy. The opposite is true now—the sharp drop in housing prices has become a drag on the economy. Real home equity fell 6.5 percent to \$9.6 trillion in 2007. The 2008 State of the Nations Housing study reports that the switch from housing appreciation to depreciation, plus the 2007 slowdown in home equity withdrawals, trimmed about one-half of a percentage point from real consumer spending and more than one-third of a percentage point from total economic growth. Worse is still to come.

#### **RACIAL TARGETING—AGAIN**

Changes in the mortgage market, of which the current sub-prime meltdown is the most visible part of a larger pattern, were not racially neutral. Sub-prime loans were targeted at the African American community. With the recognition that average American families were accumulating trillions of dollars in housing wealth, “financial innovation” soon followed. New financial instruments, which relaxed (and sometimes ignored) rules



*the Mortgage Meltdown* (June 2008), in addition to being the target of mortgage companies specializing in sub-prime lending, minorities were steered away from safer, conventional loans by brokers who received incentives for jacking up the interest rate. Worst of all, African Americans who qualified for conventional mortgages were steered to riskier, and more profitable, sub-prime loans.

Households of color were more than three times as likely as white households

been caught in the sub-prime loan trap; they are also far more dependent, as a rule, on their homes as financial resources.

The Dēmos report finds that home equity, at its current total value of \$20 trillion, represents the biggest source of wealth for most Americans, and, as we have noted, it is even more important for African Americans. The comparatively little bit of wealth accumulation in the African American community is concentrated largely in housing wealth.

One recent estimate places the total loss of wealth among African American households at between \$72 billion and \$93 billion for sub-prime loans taken out during the past eight years.

Forty years after the Fair Housing Act of 1968, housing markets are still segmented by class and race, what realtors politely call location, location, location. Homes appreciate most in value when they are situated in predominantly white communities, and they appreciate least in value when situ-

ated to just those who have suffered foreclosures; there is a spillover effect in addition to the direct hit of 1.27 million foreclosures. An additional 40.6 million neighboring homes will experience devaluation because of sub-prime foreclosures that take place in their community.

The Center for Responsible Lending estimates that the total decline in house values and the tax base from nearby foreclosures will be \$202 billion. The direct hit on housing wealth for homeowners living near foreclosed properties will cause property values to decrease by \$5,000 on average.

It is not possible to analyze specifically the full spillover impact of sub-prime foreclosures on African Americans, largely because these data are not available yet. However, communities of color will be especially harmed, since these communities receive a disproportionate share of sub-prime home loans. We estimate that this lost home value translates into a decrease in the tax base, consumer expenditures, investment opportunities, and money circulating in communities of color. United for a Fair Economy estimates that borrowers of color have collectively lost between \$164 billion and \$213 billion in housing wealth as a result of sub-prime loans taken during the past eight years.

Whatever the exact figures, the bottom line is clear—after centuries of being denied any opportunity to accumulate wealth, after a few decades of having limited opportunities, and after a generation during which African American families accumulated significant wealth, the African American community now faces the greatest loss of financial wealth in its history. Institutional processes and racialized policy are trumping hard-earned educational, job, and income advances. **TAP**

**Melvin L. Oliver** is a professor of sociology and dean of social sciences at the College of Letters and Science, University of California, Santa Barbara. **Thomas M. Shapiro** is the director of the Institute on Assets and Social Policy and the Pokross Professor of Law and Social Policy at The Heller School for Social Policy and Management, Brandeis University.



**Home-wreckers:** When banks destroyed communities

ated in low-income minority or integrated communities, except when those communities undergo gentrification (and often become predominantly white).

to end up with riskier loans with features like exploding adjustable rates, deceptive teaser rates, and balloon payments. Good credit scores often made no difference, as profit incentives trumped sound policy. The line from redlining to sub-prime is direct, as is the culpability. Even many upper-income African Americans were steered into sub-prime mortgages.

The Center for Responsible Lending (and other groups) projects that 2.2 million borrowers who bought homes between 1998 and 2006 will lose their houses and up to \$164 billion of wealth in the process. African American and Latino homeowners are twice as likely to suffer sub-prime-related home foreclosures as white homeowners are. Foreclosures are projected to affect one in 10 African American borrowers. In contrast, only about one in 25 white mortgage holders will be affected. African Americans and Latinos are not only more likely to have

ated in low-income minority or integrated communities, except when those communities undergo gentrification (and often become predominantly white).

This perverse market logic is also reflected in the sub-prime crisis. Sub-prime loans and foreclosures are not randomly distributed but spatially concentrated in low-to-moderate income communities, especially minority communities. Thus, the wealth-stripping phenomenon, of which sub-prime lending schemes are the latest financial innovation to tap new sources of wealth, is even more devastating in African American and minority communities. In turn, foreclosures and the terms of credit in African American neighborhoods bring down home values in the entire community. The community impact adds an institutional level to the personal tragedies and downstream consequences.

This devastating impact is not con-

# Black Women: The Unfinished Agenda

*African American women made great progress in education and entering into previously forbidden occupations—but their gains in earnings mysteriously stopped.*

BY CECILIA A. CONRAD

We occupy many of the seats on the 5:30 P.M. Metrolink train from downtown Los Angeles to San Bernardino. We are behind the counters at the Department of Motor Vehicles and on both sides of the desks at the Department of Social Services. We push wheelchairs in parks and hospitals and hug children at day-care centers. Black women, who in 2006 constituted 7 percent of the working-age population, represented 14 percent of women workers and 53 percent of black workers, yet we are largely invisible in the policy discourse about both race and gender.

Like black men, black women live in neighborhoods far from employment opportunities and with low-performing schools. Like white women, black women experience occupational segregation, a gender wage gap and the challenge of balancing family and work. We are discriminated against because we are black. We are discriminated against because we are women. We are discriminated against because we are both.

This twin set of vulnerabilities has a big impact on black families and the black community at large because the wages of black women constitute a major component of black family income. Because of the limited economic prospects for black men, black women are likely to be both primary caregivers and primary breadwinners in our families. In nearly 44 percent of black families with children, a woman is the primary breadwinner. This includes both families headed by working single mothers and married-

couple families in which the wife works and the husband does not. These female breadwinner families account for over 32 percent of aggregate black family income. In contrast, across all racial and ethnic groups, female breadwinner families represent only 24 percent of all families with children and account for 14 percent of aggregate family income. Hence, the gender wage gap and the lack of labor-market opportunities has a bigger impact on the economic well-being of black families than it does for other groups.

Despite a history of strong labor-force

## Marriage has not historically been the route out of poverty for black women that it often has been for white women.

attachment and despite gains in educational attainment and occupational status, black women earn less than black men, white women, and white men. In 2005, for the same hours worked, we earned 85 cents for every dollar earned by a white woman, 87 cents for every dollar earned by a black man, and 63 cents for every dollar earned by a white man. In 2006, over 13 percent of black women workers were poor, compared with 5 percent of white women, 7.7 percent of black men, and 4.4 percent of white men. Our unemployment rate is nearly double that of white women and white men.

These statistics are especially depressing because slightly more than three decades ago, black women earned 96

cents for every dollar earned by a white woman. Between 1975 and 2000, the median earnings of white women grew by 32 percent while the median earnings of black women grew by only 22 percent. This recent experience contrasts sharply with the gains realized in the 1960s and 1970s when the income growth among black women outpaced that of other groups thanks to the improvements in black women's educational attainment and the elimination of the most blatant discriminatory barriers to employment and occupational mobility.

**WHAT INTERRUPTED** this upward trajectory? Technological change and global competition increased the premium paid for skilled workers in the United States over the 1980s and 1990s and, although the proportion of black women with college degrees increased, a racial gap in educational attainment persists. In 2007, 19 percent of black women 25 and older had college diplomas compared with over 30 percent of white, non-Hispanic women.

Another factor contributing to a decrease in the black-white earnings ratio for women was the growth in labor-force participation of white women. This

growth in white women's labor-force participation coupled with a weakening labor-force attachment of young black women and black single mothers eroded black women's work experience advantage. In 1972, the labor-force participation rate of white women was 42.7 percent, and for black women, 51.2 percent. By 2000, the black-white difference in labor-force participation rates had nearly evaporated: 60 percent of white women were in the labor force compared with 65 percent of black women. Among younger women, those aged 16 to 24, and among older women, those 45 and older, labor-force participation rates of white women exceeded those of black women in 2006.



Finally, equal employment opportunity (EEO) legislation and its enforcement contributed to the gains of the 1960s and 1970s, while the more recent retrenchment of those policies affected today's wider gaps. In the 1960s, EEO allowed black women with high school diplomas to leave domestic service for higher-paying jobs as secretaries, typists, and stenographers. College-educated women moved into managerial jobs, particularly in the public sector. Retrenchment in the 1980s helps explain the lack of upward mobility for black women in clerical work and their continued exclusion from high-paying, managerial positions in the private sector.

Although employer surveys show less reluctance to hire black women than black men, there is evidence of ongoing discrimination in employment. Young black women take a longer time to find their first jobs and experience more spells of unemployment than do young white women. In data from the National Longitudinal Survey of Youth, over the 26 years observed, 29.5 percent of black women with high school diplomas but no college degree experienced 10 or more spells of unemployment compared with

only 13.5 percent of white women with the same education.

Employment discrimination has long-term consequences. When a young woman finally gets her first job, she will have accumulated less work experience than her same-aged white counterpart and thus will have an earnings disadvantage that persists over her work life. In addition, discrimination causes stress, and stress contributes to obesity and poor health. Poor health limits labor-force participation especially as women age. Older black women would likely have higher participation rates than white women if they had better health.

**IF BLACK WOMEN FACE** a double whammy in the labor market, black single mothers face a triple whammy. Women with children are paid less than are women without children who are otherwise similarly qualified. This difference in pay may be explained by differences in characteristics that employers can observe but researchers can't—such as tardiness, absenteeism, or get-up-and-go—but it is also possible that employers perceive mothers as unreliable even if they are just as productive as other women.

Added to this disadvantage is the negative stereotype of black single mothers as “welfare queens.” Just as the civil-rights movement opened new employment opportunities for black women, it also helped to end many discriminatory practices of states in their administration of the Aid to Families with Dependent Children (AFDC) program. Before the 1960s, families headed by black single mothers, particularly in the South, were underrepresented among beneficiaries of the program, and, if they received benefits, they received ones less than comparable to what white families received. As the program came under direct federal control in the 1960s, the share of black families among welfare recipients grew, and the public image of the welfare recipient shifted from that of a noble white woman widowed and struggling with housework and child-rearing to that of an unwed black teenager who has babies to collect welfare because she is too lazy to work.

This stereotype was an inaccurate portrayal of the average welfare recipient. Most welfare recipients cycled on and off welfare into low-paying jobs and collected welfare because they were rare-

## WOMEN OF COLOR

### *The persistent double jeopardy of race and gender*

BY MARLENE KIM

**B**ecause women of color are both women and racial minorities, they face a double jeopardy—lower economic opportunities due to their race and their gender. This double jeopardy is reflected both in the jobs available to them and in their lower pay.

Among full-time workers, on average black women earn 66 percent of the weekly pay of white men, Hispanic women earn 59 percent, Asian women, 87 percent, and white women, 78 percent. In comparison, black men earn 72 percent; Hispanic men, 65 percent, and Asian men, 111 percent (they earn more because they have higher education levels) of the weekly earnings of white men.



Thus, women of color earn less than men of color and also less than white women do.

Research indicates that the cause of these lower earnings includes subtle biases. As women, women of color face the social expectation of having to care for dependents, and the perception is often that they are not as dedicated of workers as their male counterparts. Or they are seen as less skilled. As minorities they often face prejudicial expectations common to their race—that they are less skilled (in the case of black or Hispanic women) or lack leadership skills (in the case of Asian women).

My favorite studies are the experimental ones—including one by Claudia Goldin and Celia Rouse, which finds that if women audition for orchestras behind a screen, so that the gender of the musician is unknown, they are more likely

to be hired. Without the screen—so that the judges know the auditioners are women—they are less likely to be hired.

Apparently, it's human nature that people want to work with those who are like themselves—they simply feel more comfortable around similar people, and women are perceived as vastly different in a white-male professional world. Those in the upper echelons of management often are not as comfortable working with women. So women are not hired. Or they are kept in lower-paying jobs where they are assistants or subordinates rather than peers or superiors. Studies have shown that mentoring networks favor protégés similar to mentors.

The same is true for people of color. They are seen as outsiders, and those who are hiring, often white men, simply don't feel comfortable hiring them. My favorite study on race is one by Marianne Bertrand and Sendhil Mullainathan, who sent out similar resumés (continued next page)



ly employed long enough to qualify for unemployment insurance. The evidence that welfare induced black women to have babies outside of marriage was never stronger than a few weak correlations. Nevertheless, the image of the black welfare queen was powerful enough to lead to the dismantling of the federal welfare entitlement system, the imposition of work requirements, and a return to state control under the Personal Responsibility and Work Opportunity Act of 1996 (reauthorized in February 2006). The stereotype may have also influenced employer attitudes about young black single mothers. A business owner once told me that he would willingly hire an ex-convict but not an ex-welfare recipient because, he explained, “doing crime requires initiative.”

Despite these stereotypes, many welfare recipients were initially able to move into low-wage employment. The Temporary Assistance for Needy Families (TANF) program that replaced AFDC imposed work requirements on its

beneficiaries, but tight labor markets, the expansion of Earned Income Tax Credit (EITC), and the maintenance of work supports facilitated the pathway to employment. Black women have been slower to move off welfare than white women have been and are more likely to return.

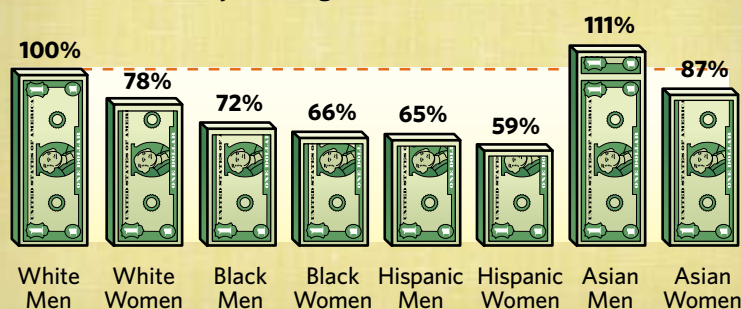
Furthermore, African Americans were more likely to be denied benefits due to sanctions than due to earnings and represent a higher proportion of women who are “disconnected” from the welfare system (defined as low-income single mothers with no more than \$2,000 in case earnings, no more than \$1,000 in public assistance income, and no more than \$1,000 in household Supplemental Security Income). A Brookings Institute study estimates that 29 percent of disconnected

single mothers in 2005 were black or non-Hispanic. And though the 1996 legislation has moved many single mothers into jobs, poverty rates for single-mother families remain stubbornly high at 42.1 percent for white children and 49.4 percent for black children in families with a female householder, no husband present in 2007.

The centerpiece of the Bush administration’s anti-poverty policy is the Healthy Marriage Initiative. This approach ignores a fundamental reality for black women. Marriage has not historically been the route out of poverty for black women that it has been for white women. The marriage initiative assumes that families headed by single black women are poor because the family head is unmarried. However, the relationship between poverty and single

motherhood is not so simple. Single black mothers are not more likely to be poor because they are not married. They are likely to be not married because they, and their likely marriage partners, have poor economic prospects. For black women and black men, a good job may

**FOR EVERY DOLLAR A WHITE MALE EARNS ...**  
based on weekly earnings of full-time workers



(continued from page A13)

(in terms of job qualifications) to employers, but with some resumé’s having characteristically black names and others having Anglo names. They found that applicants with black names like Jamal and Lakisha were less likely to be called for interviews than those with Anglo names like Brad and Emily, even when the qualifications were essentially the same.

Thus it appears that our racial and gender biases run deep. Another highly revealing study is of the implicit bias tests that you can take on the Internet. You look at faces of white people and faces of black people, as well as objects. A majority of Americans—88 percent of whites and 48 percent of blacks—associate good or harmless things with white people and bad or dangerous objects with black people. Similarly, in such surveys women are generally associated with the

liberal arts, and men, with the sciences.

Interviews with women of color confirm that they face more difficulties because of the combination of their race and gender. Scholars believe that the intersection of race and gender is complex, and that it changes depending on the situation examined, so that in some situations, race can be the predominant factor, and in others, gender can be. Scholars also believe that the effect of race and gender is not necessarily additive—i.e., that the total penalty women of color experience may not add up to their separate race and gender parts. The intersection of race and gender can add on a third dimension of jeopardy or lessen the sum of the race and gender effects.

My own research has found that for black women’s earnings, the intersection of race and gender seems to impart an additional

penalty on top of their race and their gender. Apparently, the combination of race and gender is worse than the sum of their parts. The mechanism seems to work through the jobs black women are hired into—which are usually the lower-paid women’s occupations (like service work) or in the lower-paid men’s industries (light as opposed to heavy manufacturing). For this reason it is especially dangerous to be a black woman—as far as your paycheck is concerned. Despite some progress in opening formerly closed occupations, the double jeopardy of race and gender, it appears, is more persistent than we had all thought. **TAP**

**Marlene Kim** is associate professor of economics at the University of Massachusetts Boston. Her edited book, *Race and Economic Opportunity in the Twentieth Century* (Routledge, 2007), examines the economic status of racial minorities in the United States.

be a prerequisite for a good marriage.

An anti-poverty policy that has reduced poverty among black women is Social Security. Without Social Security, over half of black women over age 65 would have incomes below the poverty threshold. With Social Security, the percentage falls to 27 percent. However, Social Security is even more effective in reducing the poverty rate for white women. Without Social Security, the poverty rate for white women would be over 50 percent; with Social Security, it falls to under 10 percent.

Social Security is less effective in reducing the poverty rate of black women for two reasons. First, benefits received under Social Security are based either on one's own earnings or on the earnings of one's spouse. A black woman and white woman with the same earnings history may receive different monthly benefits because the black husband of the black woman earned less than the white husband of the white woman. Secondly, the decline in marriage rates among black women means that as they reach retirement, fewer will be eligible based on a spouse's earnings. In 2006, 55 percent of black women over 65 were entitled to benefits only as workers, 20 percent were dually entitled, and 25 percent entitled as a wife or widow of a worker. Among white women, 38 percent were entitled as workers only, 31 percent were dually entitled, and 31 percent were entitled as a wife or widow of a worker. Women entitled only as workers receive a lower average benefit because women historically earned less than men. In 2006, the average benefit for a black woman entitled as a worker only is \$828 while the average monthly benefit for a black woman who is dually entitled is \$919. This gap would be larger if the progressivity of the Social Security benefit did not mitigate the effects of racial and gender discrimination in the labor market. Hence, it is important to black women that this progressivity be maintained or even increased.

**NEITHER OF THE** presumptive nominees of the two major parties has indicated an interest in revisiting welfare reform. Neither candidate has proposed a specific plan

for Social Security reform. Barack Obama has proposed initiatives to increase the take-home pay of workers and to expand work supports including increasing the federal minimum wage (over 949,000 black women earn a wage at or below the federal minimum), expanding the Earned Income Tax Credit, and expanding and making refundable the child-care tax credit. John McCain proposes a sizable refundable tax credit for health insurance. While an expansion of refundable tax credits is likely to benefit families headed by black women, black women must be as concerned with candidates' expenditure plans as well as with their tax policies. Cutbacks in social services impact black women both as recipients of those services and also as providers. Black women are disproportionately employed in public administration and in the delivery of social services.

Black women confront many of the same issues as white women, as black men, and as working people in general,

but these issues are compounded by the intersection of race and gender. In addition, black women suffer from not only the burden of their own employment obstacles but also from the lack of economic security among black men, and this third burden, which, as economist and college president Julianne Malveaux recently observed, is "why African American women cannot separate interests of race and issues of gender in analysis of political candidates, economic realities, or social and cultural realities." Black women may share policy agendas with black men and with white women, but it is important that the specific impacts of policies on black women not be ignored as we pursue common goals. **TAP**

*Cecilia A. Conrad is vice president and dean of faculty (interim) at Scripps College. She is editor of The Review of Black Political Economy and president of the International Association of Feminist Economics.*

## African Americans and Immigrants: The Common Good

*Are foreigners "taking Americans' jobs"?  
Or are employers once again exploiting cheap labor  
and vulnerable people?*

**BY MARIA ECHAVESTE**

**A**merica's current heartburn over immigration policy has focused on, among other things, the impact of immigrants on African American workers and other low-wage, uneducated workers. This superficial analysis is summed up by the cry, "They are taking our jobs."

Are they? Or is this just the latest chapter in America's never-ending search for cheap labor? It takes no anti-capitalist conspiracy theorist to conclude that along with individual freedoms, another founding principle was employers' freedom to search for labor (preferably free or cheap)

both here and abroad. How else to explain this country's continued sanction of slavery well after England and other civilized countries had outlawed it? How was it, as Douglas Blackmon explains in his superb new book, *The Re-Enslavement of Black People in America from the Civil War to World War II*, that Southern capitalists could use the legal system for decades after the Civil War to ensure a steady supply of essentially free labor?

America willingly opened its doors to the Chinese and Irish in the mid-1800s, until xenophobic and economic pressures grew too great. How interesting is



it that the last great wave of immigration, from Eastern and Southern European countries from 1890 to 1920, occurred at the same time that organized labor was taking its first steps to restructure the workplace so that American workers could also benefit from capitalism? In short, our immigration policy has been as much about labor needs, as defined by employers, as it has been about deciding “who gets to be an American.”

The unemployment rate among African Americans has been persistently twice the rate of unemployment among white Americans. Even more alarming is the “employment-to-population ratio,” which measures the percentage of the total population in a certain age group holding jobs. In 2003 in certain urban communities like New York and Los Angeles, only 51.8 percent of African American males between ages 16 and 65 held jobs, as compared to 75.7 percent of others.

How is that possible when those same communities, as an example,

won’t do. Conversely, if the jobs being offered are not the “good jobs” of the past that created the great blue-collar middle class, why would the native-born, be they European American, African American, or Hispanic American, want such jobs?

Today’s immigration debate has led to the perception and sometimes the reality that immigrants are taking the jobs of some African Americans and others. Rarely is asked the question: Why are we fighting over “bad jobs”? Instead, the anger and resentment focus on the immigrants and not on the employers.

By focusing on the *illegal* status of millions of people, the vast majority of whom are workers, and *their* violation of civil immigration laws, the public fails to ask the real questions: Why do employers prefer immigrants to native-born Americans? Why don’t these jobs pay more, be safer, and offer benefits, including health care? Why is it that communities are subsidizing the lack of health care and housing offered by the meat-packing,

that anti-immigrant laws are negatively impacting their ability to hire the workers they need and thereby hurting local and regional economies. For example, Arizona’s employer-sanctions law is currently being implemented, though employers were able to limit its reach to new employees. And efforts are under way in Arizona to have an initiative on the November ballot that would further weaken the employer-sanctions law.

Regardless of what one may think about employer sanctions and new employer-verification systems, it’s obvious that the status quo only benefits employers (and that does not mean just big employers, as there are plenty of families relying on inexpensive undocumented gardeners, nannies, home health-care workers, and housekeepers). Both immigrant workers and the native work force would benefit by requiring the currently undocumented to obtain legal status, thereby preventing employers from continually preferring the most vulnerable and exploitable workers.

But more needs to be done, including developing ways to test and end employer bias against the native-born, particularly against African Americans. We need to revamp our unemployment system so that it can truly work to match legal workers, including travel assistance from depressed communities such as Michigan to states with more robust economies such as Arizona and Nevada. We need unions to help enforce labor-law protections.

Only then can we begin to assess whether new workers are needed. As it turns out, due to the aging of America, we will need to welcome more immigrants. But let’s make sure that the jobs of the post-industrial, information-based, and service-oriented economy of the future are good jobs. Only then can we keep the American Dream alive, not just for immigrants but for African Americans, too. **TAP**

*Maria Echaveste is a senior fellow at the Warren Institute on Race, Ethnicity and Diversity at the University of California, Berkeley, School of Law, and senior fellow at the Center for American Progress.*

## Rarely is it asked: Why are we fighting over bad jobs? Instead, anger and resentment focus on immigrants, not employers.

have hundreds of thousands of immigrants both legal and illegal with higher labor-participation rates than African Americans have? Perhaps, something else is going on. It may be that employers prefer “other” workers for “other reasons.”

Research exploring the restructuring of the economy, the weakening of trade unionism, employer preferences, and racial bias suggest some answers. Researchers Roger Waldinger and Michael Lichter concluded that immigrant workers were seen as more subservient and compliant than native-born workers and thus, more willing to take on low-wage, difficult jobs with no benefits.

One wonders why such preferences do not constitute discriminatory bias. How can we determine if we need more foreign workers because “there are some jobs that Americans won’t do?” Pay decent wages, with decent working conditions—and there are very few jobs Americans

agricultural, construction, and hospital-ity industries? Why is it that employers are free to hire people without legal status for these jobs?

Lately, the public’s focus on the problem of “illegal immigration” has resulted in the government increasing enforcement at the workplace (as well as striking terror in neighborhoods and communities by conducting midnight raids, etc.). The response to the numerous Immigration and Customs Enforcement raids over the last 18 months has not been for employers to change their recruitment practices by searching for new workers in new communities or to improve wages and working conditions.

Rather, they are fighting tooth and nail to prevent or delay implementation of federal and state schemes to require employers to use federal databases to verify an employee’s right to work in this country—arguing in state legislatures



# Regular Work in an Irregular Economy

## *Ending the temp agencies' control of low-wage labor markets*

BY CARMEN MARTINO AND DAVID BENSMAN

Imagine that you are a young person trying to find your first full-time job in New Brunswick, New Jersey, a small city about 35 miles southwest of New York. You don't want to work in a restaurant or a fast-food joint, because they won't give you enough hours to make a living, and they don't provide benefits. There aren't many full-time opportunities in your neighborhoods, because most factories and warehouses have left town for the suburbs. Commuting to suburban regions where there are more employers is impractical; mass transit is inadequate, you can't afford a decent car, and fuel prices are high.

If you are a Latino worker, your only option is to register at one of the labor agencies that have flocked to your neighborhood in recent years. One is probably within walking distance, with a big sign saying, "Workers wanted." Most of these labor agencies are organized along racial and ethnic lines. If you're African American, chances are there won't be a labor agency for you nearby. These firms locate where desired workers live; most employers request Latinos, who are promoted as reliable, compliant—and often desperate.

If you are serious about finding work, you arrive at the temp office at 6 A.M. and begin your wait. At 7, the boss begins issuing work orders; if you're lucky, you'll be told the name of the company where you'll work that day. Nothing's in writing: not your assignment, not your pay rate, not the length of your contract.

For most jobs, you'll be paid the minimum wage, and you can forget health insurance or other benefits. The pay is not only low; it's unpredictable. You don't



**Third World Scene:** Day laborers wait for work, Lake Forest, Calif.

know whether you'll have six hours of work or eight, and you don't know whether you'll be paid the advertised rate or less, without explanation. The agency issues you a separate check for each job you work that week, and somehow, when your hours for all the jobs are added up, you're never paid the overtime rate.

This system is also costly to you. The agency—or the business that rents space at the agency office—charges you \$1 to \$2 to cash each check, and since your neighborhood has no bank where you can open an account, you have to pay. For your transportation, the agency deducts \$7 per day, regardless of how far you are going and no matter how long you have to wait for the van to pick you up before and

after work or how many stops it makes on the way to the workplace. Many of the vans are overcrowded, old, and unsafe; their drivers may be unqualified or unlicensed; and they're still getting into well-publicized accidents, despite the "van safety" law passed by the New Jersey legislature.

When you get to the workplace—it makes little difference whether it's a well-known company's warehouse or the backroom of a local grocery store—you will receive little training

or instructions. Whether you are unloading trucks, filling pallets, digging a ditch, or cleaning a bathroom, your chances of working with dangerous materials are high, but you're not told about any hazards to which you may be exposed. If you are injured, you won't be paid for your time out of work, regardless of whether or not the agency has paid its workers'-compensation insurance. And more than likely, you won't know your rights under the state's laws, because no one has told you what they are.

At the end of the day, you wait for the van to take you back to the agency office.

You may have to wait an hour or two, for which you won't be paid, and if the van never shows, you'll have to walk home or pay for a cab. Whatever the case, your van fee will still be deducted from your paycheck, and after the fees for check cashing and transportation have been deducted, more than a third of your earnings are gone.

Next week won't be any better; there are no job ladders in the temporary-labor industry, no pay increases, no paths to permanent employment. (You have to sign a form agreeing not to go to work for the agency's client.) When you tire of the temp agency and you go back out on the job market, you'll find once again that few full-time jobs are available at any wage rate.

And street-corner day labor also feeds into ethnic stereotypes and fuels anti-immigrant feelings. It is in the interest of everyone—except exploitive businesses—to regularize these employment relations.

**THE EXPLOITATION** of today's temporary low-wage labor markets is made possible by several factors. One is the impact of residential segregation, which separates workers from job opportunities, rendering them dependent on the agencies, which have a near-monopoly of jobs that can add up to full-time work.

The second factor is the collusion of employers, who rely on the firms to provide them with cheap labor without strings—maximum flexibility, minimum responsibility. Employers don't have to worry about paying workers' comp fees, Social Security taxes, or payroll and benefit administration. They don't have to pay for idle hours, job training, or unemployment insurance. Recruiting fees are eliminated, background checks avoided, and the threat of unionization nullified.

The third and most important factor in the exploitation of low-wage labor markets is the complicity of government. Exploitation is so intense in low-wage labor markets because the temporary-labor industry has been exempted from the regulations imposed on equally exploitative employment agencies before the New Deal.

For more than a century, American reformers worked to regularize the employment relationship—with laws on wages, hours, health and safety, unemployment compensation, and procedural rights. Today's labor agencies serve industry's desire to return to the 19th century.

While union hiring halls are strictly regulated to prevent discrimination against nonunion workers, over the past 20 years employer associations succeeded in lobbying state legislatures around the country to give labor agencies the freedom to maneuver around laws. Decisions by Bush administration-appointed regulators and courts nullified decisions by the National Labor Relations Board that would eliminate abuses.

As a result, the temporary-employment industry controls today's low-wage labor markets. Temp firms are able to meet

the needs of their business clients for the positions they have contracted to fill, across whole industries and regions throughout the country. And as long as the industry is able to manage and dominate low-wage labor and consistently meet fluctuating client-firm demands, it will continue to play the role of gatekeeper for bad jobs that are increasingly the only form of employment available to larger numbers of low-skilled workers. Given the incentives that are built into the agency/client-firm relationship, it is highly unlikely that low-wage temp jobs could ever be anything more than dead-end jobs for most workers.

**THE CURE FOR THIS** portion of low-wage America is not very different from the remedy for other low-wage jobs—unions. If temp workers could figure out how to persistently disrupt regional low-wage labor markets, they could force client firms to recognize union hiring halls as logical alternatives for maintaining a consistent and efficient supply of labor.

In the past when hiring halls provided the best option, it was because they accepted all the employers' fluctuating and erratic work schedules and labor demands as a given. Instead of demanding more stable work, union hiring halls sought to raise wages and equalize work opportunities so that the greatest number of members were able to enjoy consistent pay and improved work conditions.

Unlike for-profit temp agencies that are driven by the need to hold down wages in order to skim more profits off of the hourly rate of each temp worker (for themselves and their client firms), the union hiring hall's primary goal is to equalize work, raise wages, and improve conditions—a process that can ultimately turn bad jobs into good ones, as has happened in Las Vegas' culinary industry and the warehouses of the Bay area. Unions also have a much better record than private temp agencies do of resisting racial and ethnic stereotyping and sorting of workers, and of providing more equal opportunities across racial lines.

How could we force employers to abandon temp agencies and sign agreements with union hiring halls? To answer that

question, we need to go back to those somewhat-isolated neighborhoods where significant portions of the current low-wage labor force live. In recent months we have had the opportunity to hear immigrant Latino workers talk about their jobs. Nearly all of them have at one time or another worked for temp agencies—many of them still do. Among current and former temps exists a strong and deep-seated dislike for agencies, or as one former temp put it, "Agencies are shit!" Such anti-agency sentiments are not isolated and could, over time, be used as a catalyst for raising worker expectations and strategically organizing union hiring halls.

It might also be possible to create hiring halls in more diverse communities where the agencies have established recruitment centers at client-firm sites. Here, the demands for hiring-hall recognition might look more like traditional on-site union-organizing campaigns. However, even in these situations, disrupting the flow of labor will only be effective if workers can mobilize the support of their neighbors.

In some industries where full-time staff employed by the client firm work side-by-side with temp workers and reside in the same communities, the efforts to organize hiring halls might create a spillover effect that leads to more traditional union-organizing campaigns and union contracts on an industry-wide scale. That, in turn, would help break down the current stifling division between "permanent" and "temporary" work forces.

We need to reform the defects of low-wage America from the ground up. Replacing street-corner hiring and storefront temp agencies with union hiring halls is a good place to start. **TAP**

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*Carmen Martino is a strategic researcher and the director of Latino Occupational Safety and Health Initiative (LOSHI) at the Rutgers School of Management and Labor Relations in New Brunswick, N.J. David Bensman is a professor of labor studies and employment relations at Rutgers University. He is the co-author of Rusted Dreams: Hard Times in a Steel Community.*



# Unionization and Black Workers

*Trade unions are still a key path to higher-quality jobs and greater dignity at the workplace.*

BY STEVEN C. PITTS

In much of the media coverage of the presidential campaign, unions and the black community are portrayed as separate groups without common members or common interests. In fact, black workers are disproportionately union members. In 2007, 12.1 percent of all workers (16 years or older) held union cards, while 14.3 percent of black workers were union members.

Beyond these numbers, the black struggle for freedom and equality has always seen unions as a fundamental instrument for achieving its goals, even though at times some unions discriminated against blacks. In the aftermath of a police attack on striking Memphis sanitation workers on February 23, 1968—the strike that brought Dr. Martin Luther King Jr. to Memphis—black marchers began holding signs proclaiming, “I am a Man.” That simple slogan carried the profound sentiment that central to the civil-rights movement was the assertion of a basic humanity that had been denied blacks in this country since the writing of the U.S. Constitution. The sanitation strike affirmed that in the context of the workplace, unionization was a central strategy for achieving dignity.

Despite the myriad of changes that have taken place over the past 40 years, blacks still face tremendous challenges in the workplace. The black community faces a two-pronged job crisis: the crisis of unemployment and the crisis of low-wage jobs.

In 2006, the black employment-population ratio was 58.4 percent—meaning that almost four out of 10 blacks over age 16 were jobless. During the same year, 31.5 percent of blacks who worked full-time for at least 50 weeks earned less than \$25,000—which was only 50 percent more than the federal poverty level

for a family of one adult and two children. Today—as in 1968—unionization is a fundamental strategy for overcoming these challenges.

New technologies have transformed the global economy in ways that were unimaginable in 1968. Often, the discus-

sion of these global economic realities focuses on the hyper mobility of financial capital around the world, the movement of jobs away from the United States, and the increased migration of people from the global South to the United States. While these features are present, it is important to also focus on the new global division of work: Some old jobs are leaving the United States; some old jobs in the United States are expanding; some jobs that are new to the United States are growing.

This new global division of work means that there are large numbers of jobs, mainly in the service sector, that will necessarily be located in the United States for the foreseeable future. These jobs are in industries such as logistics and transportation, hospitality (hotels,

resorts, and restaurants), retail, construction and building services, and the care industries (health care, home care, child care). Today, many of these jobs are poorly paid, don’t provide substantive retirement and health-care benefits, and offer few connections to better-paying jobs. In these industries, the market power of firms relative to the power of their employees creates situations where basic working conditions are eroding.

The health-care, leisure-and-hospitality, and retail-trade industries have three key things in common. They are less susceptible to offshoring due to the need for close proximity to customers; they employ large numbers of black workers; and they are possible to unionize. In



**Economic Dream:** Dr. King with striking sanitation workers, Memphis, March 28, 1968

2005, the Bureau of Labor Statistics estimated that these three industries would account for 43.8 percent of the net job growth in the United States among non-agricultural wage and salary workers between 2006 and 2016. In 2000, black employment in these industries made up 32 percent of all black employment, and the vast majority of these workers received low wages (health care: 61.7 percent; leisure and hospitality: 80.3 percent; retail trade: 73.3 percent).

Given these projections of large job growth in industries with significant black employment at low wages, strategies that focus on education and training of individual workers are insufficient. It is vital to find ways to improve the job quality for workers who hold (or will



hold) these jobs. There are two basic strategies for accomplishing this job transformation and raising industry labor standards for workers: unionization and public-policy intervention.

The importance of these key strategies for black workers cannot be overstated. The traditional approach to the job crisis in the black community has focused on the unemployment dimension. For decades, advocates have fought for better access to industries such as construction, where black workers are underrepresented, as one key solution to the problem of unemployment. There should surely be better access to construction jobs for black workers, and policy advocates should be unrelenting in this arena. However, what is not stated (or is forgotten) is that the blue-collar pathway into a middle-class lifestyle via construction jobs (or jobs in

**IN THE FAMOUS QUESTION** of Harvard economists Richard Freeman and James Medoff, what do unions do? The benefit of unions for black workers (and all workers) can be seen in at least two areas:

**The union-wage differential.** The Center for Economic Policy Research (CEPR) released a report in May 2008 that found that between 2003 and 2007, the presence of unions raised wages for workers in the lowest pay brackets more than it did for higher-wage workers. Unionized low-wage workers (those in the lowest-10th percentile) received a 20.6 percent higher wage compared to nonunion workers in the same wage bracket. This union premium was 13.7 percent for workers in the 50th percentile and 6.1 percent for workers in the 90th percentile.

**The reduction in the risk shift.** Workers face increased insecurity as they are

sector. While black workers were 11.1 percent of the total work force in 2007, they made up 17.3 percent of transportation-industry workers and 15.8 percent of public employees. In the same year, 22.1 percent of the transportation industry and 35.9 percent of the public sector was unionized. An additional explanation of the greater tendency for blacks to join unions is their stronger desire to do so. In their book, *What Workers Want*, Richard Freeman and Joel Rogers report that in 1994, 59 percent of blacks responded to a questionnaire indicating that they would vote to join a union (if given a chance). This compared to 28 percent of non-blacks. According to my own calculations, union workers generally receive 30.1 percent higher wages than nonunion workers; for black workers, this union premium is 37.3 percent.

Since its peak in the mid-1950s, the percentage of workers who are in unions has steadily declined. This fall in union representation—the result of vicious union-busting, often with government complicity—not only impacts union workers. It also affects most workers, as the decline in unionization erodes social norms for blue-collar employment that were based on the practices established in unionized firms. Wages fail to keep pace with inflation; health-care costs are shifted to workers; retirement plans no longer provide a guaranteed benefit; and career ladders internal to firms are broken.

Since black workers are not immune to the negative effects of declining union strength, efforts to improve the quality of life in the black community must also embrace steps to strengthen unions. In the policy arena, the Employee Free Choice Act would correct the inability of current labor laws to protect workers' right under the 1935 Wagner Act to form a union without employer influence. In addition, it is important to support local attempts to establish basic labor standards such as local and state minimum-wage laws indexed to inflation; legislation that requires employers of a certain size to provide sick days to their employees; living-wage laws for firms doing business with local governments; project-labor agreements with strong local-hire

## Service jobs employ many blacks, must be close to customers and are impossible to offshore—and cry out for unionization.

the manufacturing sector such as the auto, steel, aircraft, and oil-tool industries) was paved by workers who fought to form unions and who thus gained the power to demand better working conditions from their employers. There is nothing inherent in a construction job that results in good pay, and pay eroded whenever construction work was turned back into casual labor. The spread of the nonunion construction firms has eroded the wages and benefits for all construction workers.

This lesson—that unionization is central to turning manufacturing and construction jobs into good-paying jobs—needs to be remembered and applied as many advocates push green-collar jobs as a solution to a myriad of problems facing the black community. Green-collar jobs are not inherently good jobs. As in the old “smokestack” industries, unionization in the new green economy will be an indispensable strategy to ensure that these jobs are good jobs. Without this, many green-economy employers will follow the path of low-wage manufacturers and service-sector employers.

exposed to potential catastrophe in the form of a health emergency or insufficient retirement income. Conservative policy consciously shifts these exposures from employers and the government to individual families. Unions increase the likelihood of working families having health insurance and a retirement plan. In a second report released in August 2007, CEPR calculated that between 2004 and 2006, 77.7 percent of union workers had health insurance compared to 52.3 percent of nonunion workers. In the area of retirement plans, 76.5 percent of union workers had a pension compared to 44.7 percent of nonunion workers. This union advantage was more striking for low-wage workers. In 15 low-wage occupations, 63.3 percent of union workers had health insurance compared to 27.6 percent of nonunion workers. In the area of retirement plans, the figures were 59.8 percent and 21.2 percent respectively.

One reason why black workers are disproportionately union members is their concentration in heavily unionized sectors, notably transportation and the public

provisions covering local development projects. Outside the policy arena, it is important to support the efforts of black workers—and all workers—to organize unions and win good contracts. These battles are important to the entire black community because when they are won,

the earning potential of the black community increases. **TAP**

*Steven C. Pitts is a labor-policy specialist at the University of California, Berkeley, Center for Labor Research and Education.*

## Race, Place, and Opportunity

*Where we live influences our life chances. Too many blacks still live in concentrated poverty.*

BY JOHN A. POWELL

**W**e live our lives trying to gain as much opportunity as our circumstances will allow. Space and place have always been important to pathways (and roadblocks) to opportunity, but they became even more important for the distribution of opportunity after World War II, when national policies began to shape the racial dimensions of housing and economic development. Today, we live with the legacies of a deliberately segregated past.

Where you live usually determines the school your children attend, your degree of neighborhood safety, your access to public transportation or highways, the availability and quality of finance and credit, your employment opportunities, and your social network. These spatial arrangements of opportunity are contoured by our past, and if not changed, they will have serious implications for our future. The geography of opportunity has significant influence on the choices available to us as well as on the shape of the culture we inhabit. Unfortunately, in our society these arrangements continue to carry a footprint of race whether currently intended or not. We can tell much about someone's life opportunity by his or her zip code.

These differences play out not only in our neighborhoods but also at the city and state levels. At all levels, places with the weakest support for schools, unemployment insurance, and health benefits

tend to be geographically and racially concentrated. There is a strong correlation among location, weak economic opportunity, and race. Blacks are generally segregated from opportunity through use of space. Although the majority of the poor are white, most of those living in concentrated poverty are black.

In the U.S., to live in a neighborhood of high-concentrated poverty (defined as the percent of the residents below the poverty level) means that life chances for you and your family will be greatly constrained—even if you yourself are not poor. Conversely, to live in a neighborhood or a state with a solid tax base and good amenities produces a favorable opportunity structure; the life chances of you and your family will be enhanced—even if you are low-income. But if you are black or Latino—even if working- or middle-class—you are much more likely to live in a neighborhood or state with a weak opportunity structure than you would be if you were white.

A myriad of public policies and private practices create these spatial opportunity structures and sort people into them. Where blacks live in large numbers, whether in a particular state or region, or a rural or urban area within a region, those places tend to be underfunded and with weak institutions. Even if someone from one of these stressed areas can get to a job site, there is growing evidence that he or she will face discrimination

not just based on race but also based on places or zip codes where blacks are most likely to live.

**FACTORS SUCH AS** poor schools, crime, a low fiscal base, a weak job market, and an inadequate social network tend to reinforce each other. A family living in this environment must overcome cumulative factors that expose its members to mutually reinforcing constraints. The interaction of different conditions in the environment cannot be explained by just focusing on individuals. Looking at systems, we can understand that causation is multiple, mutual, cumulative, and reciprocal, and the relationships among different factors are just as important as the factors themselves.

For example, poor schools limit employment options, and limited employment options for parents mean that their children are more likely to wind up in poor schools. So outcomes are not “caused” by a particular input (schools) but are produced by the reciprocal interactions of various inputs (schools, neighborhoods, jobs, crime).

Five decades of social-science research has documented the relationships between racially and economically isolated neighborhoods and employment, health, crime and violence, educational outcomes, and a range of other factors. A systems approach brings into view ways in which outcomes produced within the system spill across societal settings, accumulating across institutional domains and over time.

Racially and economically isolated housing markets and public schools contribute to segregated labor markets, reinforcing the existing economic and racial segregation that is now embedded into many metropolitan regions. Housing location, for example, is one of the primary mechanisms for accessing opportunity in our society. Spatial segregation is opportunity segregation. Americans should not have been surprised or confused as to why so many of the families stranded in New Orleans just happened to be black.

**IT IS CRITICALLY** important to appreciate that these relationships are not natural. Racial segregation was historically legis-

lated, through direct and indirect means, into the very fabric of our communities. And its legacy continues to undermine our individual and communal choices and our capacities to elevate ourselves and our neighborhoods.

From the 1940s on, the federal government facilitated disinvestment in areas where blacks lived, channeled money into whiter suburbs, and promoted special segregation. Public investment and disinvestment created a template for private action.

The federal government accelerated the suburban migration—for whites only—by subsidizing home mortgages for whites through the National Housing Act of 1934. Through the 1950s, the Federal Housing Administration's underwriting manuals expressly warned that blacks were considered "adverse influences" on property values. The agency instructed personnel not to insure mortgages on homes unless they were in "racially homogenous" white neighborhoods.

Under these guidelines, the FHA actually refused to lend money to or underwrite loans for whites if they moved to areas where people of color lived. Private lenders adopted policies conforming to FHA guidelines, and this system became part of the "free market." Thanks to the FHA, no bank would insure loans in low-income African American neighborhoods, and few African Americans could live outside of those areas.

Shortly thereafter, the Federal Aid Highway Act of 1956 sanctioned the creation of a state-funded highway system subsidizing "white flight" from the city, demarcating neighborhoods along racial lines, destroying African American neighborhoods, and transporting jobs out of urban areas. A systems approach helps us to see how these arrangements set in place in the 1940s and 1950s are showing up today.

After the war, government housing and lending patterns created areas where credit and other resources were denied, sometimes referred to as redlining. This practice of redlining set up the conditions for the concentration of sub-prime and predatory lending in racially isolated space. Targeting sub-prime loans

to undercapitalized communities of color today is referred to as reverse redlining, which would not have been possible today without the redlining decades ago. So-called reverse redlining could only occur if there were deliberate redlining in the past.

Earlier racial practices inscribed in space and place prefigured the current racial dimension of foreclosures and the credit meltdown today. These consequences of this current crisis will likely have powerful implications for spatial and racial arrangements of opportunity in the future. A systems approach



**Welcome, Stranger:** White neighbors protest over a black family moving in to a previously all-white block of homes in the Riverside section of Fort Worth, Texas, in September 1956.

helps us to understand how processes are translated through time.

Although the FHA removed explicitly racist language from its manuals in the 1950s, real-estate agents and firms, private appraisal associations, and banks continued to use such language. Even after these overtly racist practices in lending were declared unconstitutional, their legacy prompted private companies to engage in redlining, which continued to produce patterns of racial segregation and influence ostensibly private decisions.

This denial of homeownership to people of color and reinforcement of neighborhood segregation has had severe intergenerational effects on wealth accumulation. These and other policies not only facilitated the movement of whites, they also segregated the movement of opportunity.

Much of the spatial segregation that we experience today along with concentrated racial poverty occurred after the start of the civil-rights movement. Even while the courts and other government-policy organs were dismantling Jim Crow, government was creating new racial barriers through the use of space. While the policy of states' rights was being challenged, there was a strong embrace of localism and local control beginning in the 1970s—one that all but undermined hope of opening up space racially. This had the effect of not only sorting people racially but also steering

private investments away from racially identifiable places.

The Fair Housing Act's passage in 1968 came much too late and was too narrowly focused to reverse the by-then established racial association of black presence with low property values and urban blight. These patterns continue. For example, today we use public money under the low-income housing tax credit to place housing for low-income families of color in neighborhoods far from job sites and near failing schools. The racial redlining from the 1940s and 1950s still reverberates as predatory lending targeted to blacks by sub-prime lenders and has had disastrous results now sending shockwaves through the entire global financial system.

Place also matters in the economic restructuring in the United States from

AP IMAGES



an industrial base to a post-industrial, service economy. The losses in manufacturing have often meant a shift in the location of decently paying entry-level jobs from racially mixed urban cores to mostly white suburban peripheries. And region also matters. It turns out that deindustrialization led to significant increases in urban concentrated poverty in Northern metropolitan areas but had less of an effect in the South. The reason may be that industrial jobs outside of the North paid less well to begin with because of differential rates of unionization.

**THE INSTITUTIONAL** arrangements coming out of the New Deal, from the Social Security Act to the GI Bill, still influence where and how we live today. These arrangements were racially inscribed with spatial implications for the structure of oppor-

right-to-work states have a union percentage of 14.6 percent. The black work force is relatively higher in the right-to-work states than in states that don't have these obstacles to unionization. These are also the states with the weakest welfare and unemployment benefits.

Even supposedly universal policies bear the mark of New Deal racial accommodation. The Social Security Act initially excluded domestic and agricultural workers from the purportedly universal social insurance plan, again to accommodate Southern resistance. Most critically, the unemployment insurance provisions, such as Aid to Families With Dependent Children (AFDC) provisions were designed to ensure local control by sharing costs with the states, which in turn had discretion in setting benefit levels. Studies have shown that 50 percent

may have equally high poverty rates, they are more likely to experience sporadic or temporary poverty by comparison to racially marginalized populations, and they are not as spatially isolated as low-income blacks and Latinos are.

For any given issue—whether it is employment rates, housing, incarceration, or health care—the challenge is to appreciate how these issues interact and accumulate over time, with place as the linchpin holding these arrangements together. Universal policies that are nominally race-neutral and that focus on specific issues such as school reform will rarely be effective because of the cumulative cascade of issues that encompass these neighborhoods.

What is required is a strategy of “targeted universalism.” This approach recognizes that the needs of marginalized groups must be addressed in a coordinated and effective manner. To improve opportunities and living conditions for all residents in a region, we need policies to proactively connect people to jobs, stable housing, and good schools. Targeted universalism recognizes that life is lived in a web of opportunity. Only if we address all of the mutually reinforcing constraints on opportunity can we expect real progress in any one factor.

My research suggests targeted efforts—ones that target both racial and spatial arrangements—to break this cycle of the racial dimension of the geography of opportunity. Cardinal Francis George more succinctly refers to these practices as spatial racism. While these practices may be less dependant on deliberate racialized policies today than earlier in America's history, only deliberate policy interventions that are sensitive to the structural dynamics of opportunity are likely to be effective in ending this cycle of opportunity segregation. **TAP**

*john a. powell is the Gregory H. Williams Chair in Civil Rights and Civil Liberties at Moritz College of Law, Ohio State University, and executive director of The Kirwan Institute for Race and Ethnicity. Stephen Menendian, Christy Rogers, and Caitlin Watt contributed research assistance for this article.*

## America's spatial barriers to opportunity are contoured by our racial past—and continue to stunt the lives of future generations.

tunity and inequality. The South was a region of one-party Democratic dominance from post-Reconstruction until the 1960s. Southern senators enjoyed seniority in Congress and controlled the flow of legislation. Since they were also a critical part of the New Deal coalition, their acquiescence to the New Deal programs was necessary for passage. For example, the National Labor Relations Act, a revolutionary labor law that protected the right of unions to organize, excluded farmworkers and maids, occupational categories open to African Americans in a racially restricted labor market.

Even today, the South has more anti-union legislation and lower union representation, a reality that has implications for black workers. When employed as union members, African Americans' median weekly earnings increase from \$533 to \$732. So-called “right to work” laws making it much harder to organize unions exist in 22 states, half of which are former slave states. Right-to-work states have an average union percentage of 6.67 percent of the workforce, where non-

of the gap in welfare spending between the United States and Europe can be explained by America's racial heterogeneity. For every 20 percent increase in the black percentage of a state's population, the expected level of welfare payments will decline by \$138.

Thus, in 1994, Mississippi paid \$120 per month to a family of three in AFDC benefits while Connecticut paid \$680 per month to a similar family. Under Temporary Assistance to Needy Families (TANF), the successor statute to AFDC, one finds a similar result. Of the 20 lowest-paying states, 13 are former slave states, and all but seven have black labor-force populations of more than 10 percent. As with AFDC, the distribution of benefits is state-controlled.

**POLICIES THAT ARE** designed to be universal too often fail to acknowledge that different people are situated differently. For racially marginalized populations, particularly those who live in concentrated-poverty neighborhoods, there are multiple reinforcing constraints. Although whites

# At the Races

*Developments beyond the presidential contest are shaping the future of the Democratic Party—and the country.*

## What to Expect When You're Expecting a Majority

BY TIM FERNHOLZ

**N**o one expected Chris Van Hollen to be the next Rahm Emanuel.

During Emanuel's five years as a congressman and his tenure as chair of the Democratic Congressional Campaign Committee (DCCC), he earned a place in Washington mythology as a cursing, raging political kneecapper. By contrast, Van Hollen is variously described as "Type B," "a nice guy," and the kind of politician who can make public service "a noble cause." He didn't go negative during his 2002 campaign for Congress but still triumphed over a 16-year GOP incumbent. One of Van Hollen's campaign consultants told *The Washington Post* that he "fit right [in] with all the smarty-pants" in his district, a Maryland suburb of Washington, D.C.

Now the mild-mannered Van Hollen, who succeeded Emanuel as chairman of the DCCC, is heading up what is arguably the most aggressive political operation in the country. Despite their differences in personality, Van Hollen got on well with Emanuel and other Democratic leaders during his first two years in Congress, and that led to a stint as Emanuel's top lieutenant and the committee's chief recruiter for the 2006 election cycle. Few were surprised when Van Hollen was named chair for 2008.

The transition was seamless, because over the past few years, Emanuel and others have dramatically restructured the committee, remaking it from a soft-money-raising old boys' club to a centralized, national political operation. This ongoing transformation is due to more than Emanuel's hand; it is driven by a team of Democrats who took advantage of major changes to campaign-finance rules, built a top-notch political-communications operation, and expanded the electoral map.


After winning three special elections this year, House Democrats under Van Hollen are expected to continue expanding their majority, perhaps by as many as 15 seats, with an impressive 80 in play. The results of their strategy will be felt in 2009 as the next president negotiates with the Democratic Congress over future

legislation. Their majority could be the largest in over a decade, but it remains to be seen whether its broad ideological composition will support a progressive agenda—or challenge it.

**IN MARCH 2003**, on the very night President Bush launched the Iraq War, House Democrats gathered to hear DCCC Chair Robert Matsui tell them the situation was grim. The recent McCain-Feingold campaign-finance reform legislation barred party committees from accepting "soft" money—big donations from labor, corporations, and wealthy individuals, which could only be used for issue ads and get-out-the-vote drives—effectively cutting the DCCC's budget by two-thirds. These changes were expected to benefit Republicans; soft money was considered a Democratic province, and the GOP wielded the influence of the majority and a massive list of small donors. In 2002, the DCCC was outspent by \$100 million, even as it garnered \$56 million in soft money, over half its budget. "They basically reached out to labor unions and said, give to this member of Congress," says Brian Wolff, who started working for the DCCC in 2003 and is now its executive director. "Nothing was programmatic here before."

Ironically, the campaign-finance reforms many thought would kill the party committees actually paved the way for the DCCC's evolution. With soft money off the table, independent expenditure committees, which had existed legally since the late 1990s, became increasingly prominent. These committees can expressly attack or support a candidate (as long as they don't coordinate with a campaign) and must be funded with hard money. Without soft money, IECs became a principle tool for party committees to run aggressive field and communications operations.

Democrats also had to increase their access to smaller donors. "[McCain-Feingold] forced us to do what we should have been doing all along, which was including more people in the political process," Wolff says. As the committee's 2006 executive director, John Lapp, puts it, Wolff made donating "sexy." This meant "turning writers into raisers"—Wolff's term for encouraging donors to create fundraising networks of their own. Online fundraising grew under his tenure but doesn't raise the bulk of the committee's money. About a quarter of its funding comes from the dues members of Congress pay from their own campaign accounts. This cycle, the DCCC has pulled in over \$100 million, more money than any party organ but the Republican National Committee.



House Speaker Nancy Pelosi, who rose to power in large part because of her own ability to raise money, sent Wolff, her political director and a proven fundraiser, to the DCCC when she became minority leader. Today, he is one of the committee's most important players. As a four-cycle veteran in a job where most staffers leave after one go-round for jobs in lucrative consulting firms or leadership offices, he brings institutional memory and political discipline to bear. Starting during the 2004 cycle, Wolff organized two programs, one to defend incumbents and the other to turn over Republican seats, each with rigorous metrics that included a focus on raising money. Emanuel comes from a fundraising background as well; he was the finance director of Bill Clinton's first presidential campaign. As DCCC chair, he had a legendary obsession with candidates' "call time"—the hours spent on the phone dunning for contributions.

This combination of IECs, small donations, and increased candidate fundraising allowed the DCCC to outspend its Republican counterparts in 2006, for the first time since they lost the majority. But money is just a tool; the choice of where and how to use it is what decides elections.

**AS THE PUBLIC BEGAN** souring on the Iraq War and on President Bush in 2005, the turning tide of opinion created openings for a new type of Democratic candidate. One such candidate, Darcy Burner, is now locked in a close congressional race and is a favorite of the Netroots. But in 2003, she was part of the sea change in American political opinion. A manager at Microsoft, she was holding her newborn son and putting together a care package for her brother, a soldier deployed to Iraq, when she realized that nothing could help her child more than changing the direction of the country. Burner began volunteering for progressive causes, and in 2006, she ran for Congress in a Washington district that has never elected a Democrat, picking up the support of Emanuel's DCCC—an institution not yet known for backing political neophytes in tough districts. She lost that race by three points but decided to run again with the DCCC's aid.

"Rahm was smart enough to politically intuit that the country was changing, and [it was] the phrase he used over and over again: The wave won't carry us if we don't have enough people out there on the surf," says Artur Davis, a congressman from Alabama and the DCCC's recruitment chair. "Chris Van Hollen has been a superb successor. I always compare the two of them to Bill Walsh and George Seifert. Bill Walsh built the 49ers, and when he retired, George Seifert turned around and won a Super Bowl himself."

Emanuel has taken an unprecedented role in DCCC operations this cycle, focusing on protecting incumbents, especially the "majority maker" class of 2006. It's as though Bill Walsh stayed on as defensive coordinator during George Seifert's first season. In Emanuel's main role as Democratic Caucus chair, he makes sure new members' offices are focused on their dis-

tricts, running smoothly, and on message. He also advises the members politically—after all, he recruited many of them—and keeps tabs on DCCC projects.

Despite his many advantages, Van Hollen faces a tougher challenge than Emanuel did. At the start of this cycle, his committee had nearly as much debt as its counterpart, the National Republican Congressional Committee (NRCC). Worse, parties don't usually gain seats following a wave election—the last time it happened was 1976, when Democrats gained just one seat, after having picked up 49 in the 1974 post-Watergate cycle. Strategists also worry it will be tougher to run on a change message with Democrats controlling the entire Congress, especially during a presidential election year when Democrats face re-election in 60 districts that George W. Bush won in 2004.

But Van Hollen has help. "It used to be that Tony Coehlo ran the DCCC [in the early 1980s], and he did it alone," Democratic lobbyist Tony Podesta says. "Now there are probably upwards of a dozen people who are very involved." With Emanuel taking more responsibility than any past chair, the committee team includes Davis, Debbie Wasserman-Schultz, James Clyburn, Dennis Cardozo, and, of course, Pelosi. She appointed Emanuel and Van Hollen and speaks with them regularly. Pelosi also keeps close confidence with Wolff—she called twice during my hour-long interview with him—all while coordinating the party's message with other leaders and fundraising for candidates.

When Emanuel took charge in 2005, his largest contribution was centralizing the strategic aspects of congressional campaigning. He began a rapid-response operation and gave campaigns strict instructions on field programs, staffing, and message—mandating whether individual campaigns would

**Emanuel saw that the country was changing, but warned "the wave won't carry us if we don't have enough people out there on the surf."**

respond to events and what they would say. Van Hollen has only expanded that operation. Emanuel hired a veteran research director, but much of the DCCC's opposition research was done by outside firms, and a "book" on a single candidate could take six to eight weeks. Under Van Hollen, the DCCC's in-house researchers offer immediate access to their findings, and Wolff brags he has the largest rapid-response team in Washington. Van Hollen has also brought much of the field operation in-house, hiring seven staffers to run voter-contact and persuasion programs. Last cycle, the DCCC had a presence in 35 districts; now staffers say they have deployed in 50.

This cycle, "early" was the watchword for the DCCC. It's a necessity keenly felt by former DCCC Chair Vic Fazio, who ran the committee during 1994's Republican rout. "We ended up spending money on incumbents, some of whom we never anticipated spending on," he says. "After all, we had this majority that would never go away." Though Emanuel set the tone for advance preparation, Van Hollen has emphasized it, in part because Washington now lives in a state of permanent campaigning. The DCCC





**Architects of the Democratic Majority:** House Speaker Nancy Pelosi, James Clyburn (D-SC), Rahm Emanuel (D-IL), and Chris Van Hollen (D-MD)

began researching its own incumbents early to determine who was vulnerable, started recruiting new candidates before Pelosi was even seated as speaker, and launched tracking operations to watch even potential Republican candidates. Wolff has also underscored the importance of early contact to “inoculate” voters against negative advertising. He cites a special-election victory: “When the lies started coming in on the air, [voters] were like, ‘Uh, that’s not Travis Childers. We know Travis Childers.’” And the DCCC outdid itself in early July, when its independent expenditure arm announced a \$35 million ad buy. It was an unusually bold move—most committees wait until later in the cycle to identify key races and purchase time in small increments, even though they miss out on discounts. “We saved \$15 million; we bought our media early,” Wolff told me.

The DCCC’s work has already paid off. In a March 2008 special election in Indiana, the committee was ready with an early attack ad thanks to its foresight in recording Republican candidate Jon Elrod doing campaign work on the statehouse floor. DCCC staffers also want a share of the credit for the 29 Republican incumbents who are retiring from office. They argue that early campaign ads drove some out of the races; more staid observers suggest that the prospect of at least four more years in the minority led some older Republicans to call it quits.


Troubles at the NRCC have made the DCCC’s job easier. Although NRCC Chairman Tom Cole is an experienced operative, his clashes with Minority Leader John Boehner have created friction within the caucus, especially following the announcement that its former treasurer embezzled as much as \$1 million, making fundraising tough. In addition, the political environment has made it difficult for the NRCC to recruit quality candidates. “Very good recruits can see the writing on the wall,”

says Tim Sahd, *National Journal’s* House race analyst. “They’re not going to give up their cushy jobs in the state legislature and their high-paying business jobs if the Republicans aren’t going to win this year.” As the Democrats continue to push into GOP territory, Cole can barely find solid candidates to defend open seats, much less challengers for blue districts.

Now much of the Republican operation has essentially been outsourced to Freedom’s Watch, an independent political group financed by conservative billionaire Sheldon Adelson and headed by former White House press secretary Ari Fleischer. The group hired Karl Rove as a consultant and put veteran former NRCC staffer Carl Forti in charge of its House operations. Legally prohibited from coordinating with campaigns, Freedom’s Watch’s strongest suit will be defending conservative districts it knows well; in fact, its reliance on soft money puts it in the same boat as the DCCC of the 1990s. While the extent of Freedom’s Watch’s plans remains unclear, operatives speculate that the group will run a full media package—including research, rapid response, and advertising—and possibly fund organizing efforts in the field. As Wolff observes dryly, “You don’t put that kind of talent somewhere and not back it up with financial resources.”

**ONE OF EMANUEL’S** prize recruits last cycle was Congressman Heath Shuler of North Carolina. A local football star whose NFL career flamed out, he was courted by both Republicans and Democrats; everyone from Emanuel to President Bush reached out to him. Shuler chose to run as a Democrat and won.

As a member of the fiscally conservative Blue Dog Coalition, Shuler is the kind of candidate Van Hollen and Emanuel rave about—one who fits his district. The DCCC has emphasized these candidates who can win seats traditionally consid-



ered off-limits to Democrats and expand the map. Though he fought with Democratic National Committee Chairman Howard Dean over funding the former Vermont governor's 50-State Strategy in 2006, Emanuel only opposed targeting all 50 states immediately, preferring to prioritize the most promising areas. But both strategies have resulted in an unconscious lean toward the old Democratic coalition of Franklin D. Roosevelt: socially and fiscally conservative populists and Western-libertarian types joining the liberals and minorities who remain the backbone of the party.

"If you look at the map, in order to increase the majority, you don't go pick up Democratic seats, because you already hold those seats," says Sarah Feinberg, Emanuel's spokesperson. "You pick up either red districts or purple districts, [or] districts that may be blue but that have been represented by a Republican."

As Shuler puts it, "Rahm understands districts such as mine. There are things that we have to disagree [about] because of my personal beliefs and my district's beliefs, that we may differ from the party. Rahm ... never tried to change my mind. Being pro-life is a perfect example. The party is a pro-choice party, we feel strongly in my district that being pro-life is very, very important."

Now, Shuler is helping Van Hollen continue the trend by campaigning with Travis Childers, the Democrat who won a special election in Mississippi this year. He also speaks highly of Bobby Bright, who is running in southeastern Alabama. Van Hollen had Shuler speak to Bright during the DCCC's successful attempt to recruit him as a candidate. "He committed to running for Congress and [will] be another great Blue Dog member," Shuler says.

**IT'S CLEAR THAT THE** DCCC is changing the party: raising more money, starting earlier, and expanding into regions it has not contested in over a decade. But though the Democratic majority is changing, thus far it has been defined in opposition to a lame-duck president. With a new president in office in January, expensive issues will be on the table, from health care to the crumbling economy. There will likely be debates reminiscent of the old 1990s fights between Blue Dogs and liberals as the party in power tries to set its agenda. Social issues may present the starkest contrast, but the biggest rifts in a future Democratic majority are likely to be over the budget.

"The New Dems and the Blue Dogs are going to gain a disproportionate number of members in 2008," says Simon Rosenberg, head of the progressive group NDN. "If Obama gets elected, can Pay-Go survive? The things that worked for us in the early '90s are not going to work for us today. [There will be] a battle between a politics of investment versus a politics of austerity."

Typically, conservative Democrats are budget hawks, demanding lower deficits and spending cuts; their signature rule, Pay-Go, demands that any new spending be paid for with cuts elsewhere. But deeper tension comes from the fact that many conservative Dems were inspired to run because of the economic hardship of their constituents—Shuler talks

about aiding laid-off factory workers and paying down the deficit without noting the tension implicit in the two goals. This rhetoric is at odds with that of more left-leaning Democrats searching for a post-Bush economic consensus that large investment is needed to kick-start the economy and create universal health care while deficit reduction remains a long-term goal. It is possible that Blue Dogs will not fight against spending programs, or that Congress may find itself passing legislation that attempts to address these problems but doesn't go far enough. It is clear, though, that future conflicts could be more complicated than anachronistic battles between "tax and spend" liberals and conservative Democrats.

By most accounts, the increasing number of conservatives in the Democratic caucus is simply the price paid for the ability to set the agenda—they've made a big bed and now they have to lie in it together. But some on the left expect a more full-throated progressive party. Matt Stoller, a blogger and political activist, is one of them. Frustrated by arguments that progressives can't win in conservative or moderate districts, he says the idea

## The increasing number of conservatives in the Democratic caucus is simply the price paid for the ability to set the agenda.

that conservative Democrats have an advantage is false. "It's not that they're more conservative; they're just corrupt," Stoller says. "The Blue Dogs, these so-called conservatives, their donations, it's all corporate PAC money. The advantage that they have is not that they're conservative—that's bullshit."

Despite ideological divides, observers agree there is confidence in Pelosi's leadership and her ability to keep the caucus together. She has taken great pains to make certain that the class of 2006 is demonstrating progress on the promises it made during its campaigns, ensuring, in a jarring break with tradition, that they manage signature pieces of legislation on the House floor, including the "6 in '06" Democratic platform. "The speaker has one of the most difficult jobs in the world, because the Democrat Party's tent is so large," Shuler says. "A high percentage of the majority makers were in very moderate to conservative districts. That's why I felt like we had a lot of input ... to make sure that policy going forward really appeals to moderates."

With the likelihood that the Senate Democrats will not be able to reach a filibuster-proof majority of 60 votes, debates between different factions of House Dems could have a broad effect on the national political agenda. It remains to be seen whether the expected Democratic majority can push through large-scale legislation on health-care reform, Iraq withdrawal, and economic recovery. Observers on all sides have criticized the lack of accomplishment in the past Congress; those on the left are especially incensed about the failure to act on Iraq and the capitulation on the wiretapping bill. Though members and staff are quick to cite what did pass and point out the obstructing roles played by Senate Republicans and presidential vetoes, insiders feel the same frustration. The only time Wolff cursed

during our conversation was when we came to the subject of Congress' failure to begin a withdrawal from Iraq. But he sees it as an electoral incentive: "You can run from the majority on a change message. You can because we're not finished."

When asked to forecast November's results, Van Hollen says, "I have cautioned my colleagues against irrational exuberance." He's right—no matter what happens in November, if the Democrats don't make significant progress in January, they could see their mandate slip away. Recent political events, from the GOP victory in 1994 to the Democratic resurgence in 2006, ought to prevent them from talking about any kind of durable majority.

Democratic operatives try to brush aside concerns about the potential for disagreements on a future legislative agenda, pointing out that, no matter what, being in the majority is better than being in the minority. Lapp, the former DCCC executive director, calls it a "high-class problem." But like Rosenberg, others predict a complex negotiation about what the party's agenda is going to be in the new year.

"There's a lot of pent up demand around here; you see it committee by committee," says Davis, the Alabama representative. "There's a lot of sense that our time has come and our moment is now, here's what that ought to mean legislatively. There are a lot different theories about that. That's going to be the big challenge ... figuring out what our priorities are." **TAP**

## Five Questions About the New Electorate

BY THOMAS F. SCHALLER

For a decade, Democrats have heard promises that a durable electoral majority was just around the corner. It's easy to construct such a majority on paper: Racial minorities and young voters (those born after 1978) turn out at record levels, working-class whites suppress their socially conservative leanings to vote their pocketbooks, and suburban professionals and their spouses vote together as unified blue households. Such a coalition could obliterate the aging, white, male, socially conservative Republican base that has dominated American politics for most of the past three decades.

This majority, however, is like the carrot tied in front of the donkey's nose—always just a few inches away. Yes, the Democratic presidential nominee won the popular vote in three of the past four presidential elections. But since 1964, only one Democrat has won a majority of the popular vote. During those same 10 presidential elections, the Republicans have won seven times, five of them with outright majorities, and two of these were 49-state Electoral College landslides.

*Thomas F. Schaller is an associate professor of political science at the University of Maryland, Baltimore County, and author of Whistling Past Dixie: How Democrats Can Win Without the South.*

Favorable demographic shifts have induced in Democrats a false sense of comfort. Poll numbers and population trends do not make majorities, and winning coalitions do not deliver themselves: Transformative politicians and entrepreneurial party leaders do. The inherent potential of any majority is latent and must be mobilized.

With Barack Obama as their presidential candidate and Howard Dean as party chief, and with widespread revulsion toward the Republican Party, many Democrats believe all the forces are finally in place to unleash this long-awaited majority. If it happens, and if the majority holds through subsequent congressional and presidential elections, it will represent a historic transformation comparable to the moment when Franklin D. Roosevelt at last unleashed the potential majority made up of farmers, city-dwellers, and first- and second-generation immigrants to end the Republican hegemony that had prevailed since 1896. Has that moment arrived?



The collapse of the Republicans was the first precondition for the emergence of a more favorable electorate. The roots of that collapse can be found in the 2000 election results. Despite the near-obsessive focus on how George W. Bush won the Florida recount, the more significant result was Bush's

second-place finish in the national popular vote. The Texan won despite losing, and he lost the popular vote because his chief political adviser, Karl Rove, relied on an outdated coalition formula.

Although Bush and Rove appealed to emergent Hispanics and suburban women with some success, the Republican calculus depended on maximizing returns from electoral cohorts that were shrinking: whites, men, social conservatives, rural residents, and the traditionally married. It was enough, but just barely. According to exit polls, Bush won whites by 12 points but lost among every nonwhite group; he lost the youth vote by wide margins, and he lost among unmarried voters by 19 points. In general, Bush fared well with declining groups and poorly with growing ones. He won the White House twice but lost the future.

"The gradual evolution of the electorate, along with the national political climate, is producing a pro-Democratic shift in almost every demographic group," says Alan Abramowitz, an Emory University political scientist. "The continuing increase in the nonwhite vote, unmarried and younger voters, fewer religious voters, and so on are helping Obama. And the generation gap in particular appears to be larger than it has ever been this year: Obama is ahead by 25 to 30 points among under-30s, close to even among older voters, actually trailing slightly among the 65-and-over crowd."

We've heard this promise before. But whether these trends continue, and whether Democrats live up to their potential to create a new and resilient politics, depends on the answers to five questions.



**CAN DEMOCRATS DO (EVEN) BETTER AMONG WOMEN?** Women cast a majority of all votes nationally, and their majority expands with every cycle. In 2004, according to Census Bureau data, women cast 53 percent of votes among whites and a remarkable 41 percent to 59 percent of votes among African Americans. And they vote for Democrats: Recent Democratic presidential nominees have not only won large splits among nonwhite women but proved competitive or won outright among white women and carried non-Southern white women. Most polls have shown Obama running almost even with men while leading comfortably among women.

**...OR WILL UNMARRIED WOMEN DRIFT RIGHT?** There is a big division among women, however: A recent poll by Greenberg Quinlan Rosner found Obama tied with McCain among married women, a group Bush carried by 11 points in 2004. The Democratic advantage rests on unmarried women—a group that includes widows, divorced women, and those legally barred from entering into same-sex marriages, as well as younger women who are not yet married. The question remains: As younger unmarried women age, wed, and have children, will their partisan tendencies change, as issues that did not concern them when single and childless—the quality of local schools, property taxes, neighborhood safety—creep into their political consciousness?

The media often obsess about the idea that Democrats should fare better among men. But what if a pro-choice party that pushes family-friendly themes piled up even bigger margins among women? The Republicans have used national security and fears of higher taxes to siphon votes from suburban women. Democrats have room to improve among working-class single moms by coupling economic and health-care messages with some response to the moral and familial worries of women whose children often spend many hours unsupervised.

**ARE TODAY'S YOUNG VOTERS LOCKED IN?** John Kerry lost every age cohort except voters under 30, and for once younger voters dramatically increased their turnout from the previous cycle. The generational pushback against the Bush administration and the appeal of Obama's candidacy with young voters have been beneficial in the short term. But voters age, and as they do the party must adapt its message to meet their changing attitudes and life experiences. Remember, youth voters who came out strong for George McGovern three decades ago are now in their 60s, and those voters helped carry Bush across the finish line in 2004.

**IS THE GOP DRIVE FOR HISPANIC VOTERS OVER?** In 2004, Bush captured 40 percent of the Hispanic vote, a significant achievement and a break with historic trends. However, this year 72 percent of Hispanic primary voters took a Democratic ballot, and a July Pew Research poll showed Barack Obama leading John McCain 66 percent to 23 percent among Hispanics. Even if McCain manages to lure all of the remaining undecided voters, at 34 percent he will fall well short of Bush and close to the historic average for Republican presidential candidates.

If Obama can get 70 percent of Hispanic votes, and Hispanics expand from 9 percent to 11 percent of the national electorate (and the turnout and performance of all other racial groups is identical to 2004), that shift alone would be almost enough

to erase the 2.5 percent margin by which Kerry lost to Bush. But Hispanics are also very Catholic, and their aspirational agenda is by definition less susceptible to the redistributive and affirmative-action messages that appeal to African Americans. If Democrats want to improve their margins among Latinos they'll need to come up with something more substantive than "Si, se puede!"

#### **HOW MANY CONSERVATIVE EVANGELICALS ARE THERE, REALLY?**

Despite the fawning media coverage of evangelical politics, the country is becoming more secular, more religiously tolerant, and more supportive of removing the influence of church from the state. Christine Wicker, author of *The Fall of the Evangelical Nation*, argues that the conservative evangelical voting bloc is 7 percent of the population, rather than one-fourth of the electorate as often reported. "I judged this every way that I could. I looked at beliefs, I looked at behavior, I looked at church attendance. And that 7 percent holds up every way you look at it. There's only a small core of people, and they are the ones delivering the vote. The other 18 percent, it's the swing vote."

As Frances FitzGerald wrote recently in *The New Yorker*, "Half of all evangelicals have substantial differences with the religious right. ... Furthermore, they don't like the angry intolerance of the religious right and cringe when they are associated with it." These are the religious voters Obama is vying for when he talks openly about his personal faith. If he can keep his numbers close with these religious voters, as well as continue to draw strong support from infrequent churchgoers and secular Americans, the votes of the highly religious will be cancelled out.

Even if the answers to all these five long-term questions favor Democrats, there will be other forces at work, as Philip Klinkner, a political scientist at Hamilton, reminded me. "Be very careful of the idea that there are stable and enduring majorities in American politics," Klinkner warns. "When you look at non-incumbent elections since 1796, exactly half were won by the in-party and exactly half by the out-party." If Obama wins this November, it will be partly attributable to a more Democrat-friendly electorate. But his vaunted team will need to mobilize it. **TAP**

## **It's the Green Economy, Stupid**

**BY HAROLD MEYERSON**

**I**t's populist out there. Way populist.

The dominant ideology among this year's Democratic candidates for seriously contested Senate and House seats might be called neo-Bryanism. Where once William Jennings Bryan, the three-time Democratic nominee for president, thundered on behalf of beleaguered late-19th-century farmers against "the cross of gold" (Wall Street's tight-money policy), today's down-ticket Democrats are running against oil companies and Wall Street's commodity speculators. And as Bryan touted free silver as the fix for farmers' credit woes, today's Democrats are pushing alter-

native energy as a solution for spiraling gas prices and heating bills, as well as a jobs-generator—a 21st-century public-private Works Progress Administration—for a troubled economy.

In Colorado, Rep. Mark Udall, seeking an open Senate seat, calls for “cracking down on Wall Street speculators who are driving up the price of gas.” In New Hampshire, former Gov. Jeanne Shaheen, favored to unseat Sen. John Sununu, a Republican, this November, is running an ad unveiling her plan for the economy to “crack down on oil-company price gouging and Wall Street speculation.” She wants to end tax breaks for the Exxons and Chevrans, the ad continues, “so we can invest in alternative energy that creates New Hampshire jobs.” (For his part, Udall also calls for “fast-tracking energy alternatives to create Colorado jobs.”) Shaheen also attacks Sununu for voting for Phil Gramm’s “Enron loophole” in 2000—a bill that limited the government’s ability to regulate the energy-futures market.

On the Web site of Dan Maffei, who almost ousted James Walsh, a Republican from Syracuse, New York, from his House seat two years ago and who is seeking that seat again (not against Walsh, who declined to stand for re-election), you’ll find a counter merrily ticking away the amount of Exxon-Mobil’s yearly profits. Kay Barnes, the former Democratic mayor of Kansas City, Missouri, is seeking to oust Congressman Sam Graves, a Republican, by attacking his dependency on contributions from oil and gas companies.

In their campaigns two years ago, the current freshman class of House and Senate Democrats almost universally came out against the kind of trade deals that enabled U.S. corporations to shutter factories here and open them in China. This year’s Democratic candidates are every bit as skeptical about free trade’s benefits as the 2006 crop was. Maffei, running in the Rust Belt of upstate New York, has one ad in which he stands in an overgrown weed patch that, he says, “used to be full of people coming to work.” Unfortunately, Washington “gave a tax break to companies that sent those jobs to China,” a problem he pledges to fix by bringing alternative-energy jobs to Rochester and Syracuse.

This year’s explosion of Democratic populism should be no surprise, coming as it does in the midst of an economic downturn that follows the only recovery in American history during which median family income actually declined, and at the end of a Republican presidency reviled for its plutocratic priorities. But the Democrats only attained full-fledged neo-Bryanism after the rise in gas prices and the Republicans’ assault on them for being insufficiently pro-drilling. Their response has been to counter-attack their GOP opponents for kowtowing to oil companies and commodity speculators.

“The overwhelming theme” of Democratic campaigns, says Matthew Miller, the communications director of the Democratic Senate Campaign Committee, “is energy prices. As the Republicans call for more drilling, our candidates respond by talking about their Republican opponents taking money from oil companies and supporting tax breaks for big oil. Where

there’s no incumbent to run against, they are calling for a crackdown on oil speculators.”

“All our candidates showcase alternative energy,” Miller continues. “Over the past two months [July and August] this has been the overwhelming issue.” Iraq is still an issue, he adds, as is health care, “but energy is front and center.”

In a sense, the Democrats are backing into a macroeconomic strategy. In their races across the country, and at their Denver convention as well, alternative energy and green jobs have become the party’s new mantra. It’s an easy mantra for Democrats to adopt, because unlike trade, which has historically been the source of many an intraparty rift, green jobs is a banner under which both labor and environmentalists, working-class and upper-middle-class Democrats, can march.

It also offers a sharp point of contrast with the Republicans: “Green jobs” is the Democrats’ response to the preference of American finance and industry to invest abroad in search of cheap labor. It is their internal investment strategy, their long-term stimulus package, at a time when the Republicans

## What has become of Iraq—the issue that dominated when most of the Democratic candidates made their decisions to run?

have none: The GOP continues to trust the market to revive the American economy, even though it is market forces that have propelled our corporate sector to offshore its investments.

But Democrats are not stressing this contrast, at least not yet, in part because they must grapple with the problem of advocating a program that can be labeled “big government” by their opponents. Nor is theirs quite the full-throated populism of the late 19th century, which, for instance, went after bankers with hammer and tongs. The class composition of their own party—which is now the party of professionals as well as the unionized working class—precludes such an attack.

Nonetheless, Democrats could treat green jobs as far more of a battle cry than they are currently. They have a plausible, if still somewhat vague, strategy for rebuilding the economy. But Republicans can talk about their support for new energy sources, too, and unless Democrats press the debate—saying they’re willing to invest major resources in these projects while Republicans aren’t—the contrast is likely to be blurred.

For now, most Democrats are content to limit their talking points to attacking their Republican opponents’ obeisance to Big Energy. In the Kansas City suburbs, Barnes has attacked Graves for taking a Political Action Committee contribution from Exxon-Mobil a couple of weeks before he voted against a measure that would strip oil companies of tax breaks and fund more solar and wind power. Graves’ vote, says Barnes’ press secretary, Steve Glorioso, “is our poster child.”

Even when they turn their attention from oil and green jobs, Democratic candidates are campaigning on restoring fairness to the economy. In North Carolina, where State Senator Kay Hagan has pulled to within a few points of incumbent Elizabeth

Dole, Hagan begins one of her commercials by telling viewers, "We need to level the playing field for families around here," and contrasts the lot of local families whose jobs get "shipped overseas" to that of wealthy oil executives. (Anti-big oil meets anti-free trade, a heavily trafficked Democratic intersection.)

Not every Democrat, of course, is tacking on a populist course. In the northeastern Colorado district of Republican Marilyn Musgrave, which Bush carried by 57 percent and 58 percent in the last two presidential elections, Democrat Betsy Markey, an aide to Sen. Ken Salazar, is running a classic Blue Dog fiscal responsibility campaign. Musgrave, a prominent crusader against gay marriage who won re-election two years ago with just 46 percent of the vote—the lowest percentage of any member of Congress—has toned down her cultural jihad this year but spent late August touring the Alaskan National Wildlife Ref-

uge (ANWR) to contrast her pro-drilling stance with Markey's.

But Markey, in fact, is a longtime supporter of coastal drilling and would support ANWR drilling as well if she believed it would yield enough oil and gas to make a difference. The issue on which Markey does beat up the Republican is balanced budgets. Her campaign's message, says her communications director, Betsy Marter, is that, "for most of [Musgrave's] time in Congress, the federal government grew." Markey opposes continuing oil-company tax breaks, but that's just one plank in her 10-point plan to reduce government spending. (Other planks include reducing government travel expenses and ending earmarks.) Markey's green-eyeshade approach is clearly the exception in this year's field, though.

And what has become of Iraq—the issue that dominated the political landscape in 2007, when most of the current Demo-

## 2008: FIVE RACES TO WATCH

### SENATE:



#### North Carolina

**Who:** Sen. Elizabeth Dole (R) vs. State Sen. Kay Hagan (D)  
**Why:** Hagan, a state senator from Shelby, North Carolina, is the underdog for a seat that's gone Republican every year since 1972. While not the first choice of Washington Democrats, she kept pace with Dole in polls throughout the summer—at one point holding a slim lead over the first-term incumbent. Dole certainly appears on the defensive—lowering her profile as a Republican by joining around a dozen other incumbents in skipping the GOP convention in Minneapolis. Smelling blood, the Democratic Senatorial Campaign Committee hopes to invest up to \$7 million in Hagan's campaign.

The race is also, notably, a rare Senate contest between two female major-party candidates. Hagan is known to be feisty, while Dole, a state

celebrity in her own right, is more controlled and consistently conservative. The race should also be a referendum on the force of black-voter turnout in 2008. Obama's impressive victory in May's Democratic primary and investment in ads and get-out-the-vote drives in the state suggest Democrats are ready to play in the coastal South.



#### Mississippi

**Who:** Interim Sen. Roger Wicker (R) vs. former Gov. Ronnie Musgrove (D)  
**Why:** This race in Mississippi, the eighth special election this year, confirms the extent to which Republicans are playing defense. Musgrove and Wicker are vying for the opportunity to serve out the rest of retired Sen. Trent Lott's term, which ends in 2012. The men traded the lead in polls throughout the summer, with Wicker opening up a nine-point lead by late July. It's remarkable that a Mississippi

seat is even competitive for Democrats, who haven't had a representative in the Senate in 20 years. But these days, anything is possible: Wicker's move from the House to the Senate in December allowed Democrats to win a special-election upset this spring in a district that went for George W. Bush by 25 points in 2004.

The optics of a Senate pickup in Mississippi are irresistible for Democrats. As a former governor, Musgrove has high name recognition and a decent fundraising team but is battling his own high-profile electoral defeat at the hands of current Gov. Haley Barbour—who appointed Wicker to the vacant seat after Lott's retirement. For his part, Wicker will have to push back against the flagging Republican brand, and hard. Still, like the Dole-Hagan race, high black turnout in Mississippi (whose Democratic primary Obama won by a huge margin) could give Musgrove a needed boost.



### HOUSE:



#### Minnesota, 3rd District

**Who:** State Rep. Erik Paulsen (R) vs. Iraq War veteran Ashwin Madia (D)

**Why:** This race is like the 2008 presidential election in miniature. Madia, an attorney who served a six-month tour as a Marine Corps lawyer in Iraq, frequently emphasizes his story as "the son of immigrants." The 30-year-old beat State Sen. Terri Bonoff—a two-term legislator with strong institutional backing—in a protracted primary race. Madia's moderate credentials (he was a Republican until 2004) and legal background earned him endorsements from diverse interest groups.

Paulsen is a conservative, former state House majority leader who styles himself a maverick and who, in his first few campaigns, pushed back against political action committee money, promised fiscal restraint, and took a conciliatory approach



cratic candidates made their decisions to run? Perhaps no one parlayed that issue more effectively than Darcy Burner, the Microsoft executive who narrowly failed to unseat Congressman Dave Reichert, a Republican, in a suburban Seattle district in 2006 and is now an even-money bet to oust him this November. Earlier this year, Burner authored a detailed and lengthy position paper calling for a quick withdrawal of U.S. forces from Iraq and persuaded several dozen other Democratic congressional candidates to sign on. Burner's initiative won her national attention and widespread support among the netroots.

And today? "Iraq is still a bigger issue in this part of the country" than in some others, says Sandeep Kaushik, Burner's communications director, "but it's a bit on the back burner now." In a district that runs from the Microsoft campus on its northern border to the Boeing plant on the southern, energy and food

prices—and a woman's right to choose, something that Reichert opposes—loom as the largest issues. The downside of globalization in this export-oriented district isn't job loss but product safety: Burner's ads highlight the safety checks her campaign performed on toys imported from China. If Burner prevails this November, it won't be on her original signature issue.

Indeed, the typical Democratic response to the Iraq War is that of Mayor Barnes of Kansas City. "Iraq was an issue when the mayor got into the race in May of last year," says Barnes' press secretary, Steve Gloriosio. "But it's evolved into an economic issue. We estimate the cost of the war is \$1 billion to the 6th district. We talk about its enormous cost to the country."

It's all dollars and cents—and how to increase ordinary families' share thereof—on the Democrats' campaign trail this year. William Jennings Bryan would feel right at home. **TAP**

*For more races we're keeping an eye on, visit [www.prospect.org](http://www.prospect.org)*

on the environment. Nevertheless, he ran with strong party support for the suburban seat held by Republicans for nearly a half-century. But this year, many analyses list Minnesota's 3rd as one of the few genuine "toss up" races. It will also be among the most expensive: Paulsen has \$1.2 million in cash on hand, compared to Madia's near \$1 million—a surprising amount of which has come from newly political Indian American donors across the country. (The Democratic Congressional Campaign Committee has also pledged over \$1 million.) Madia is a marquee example of the "Next Generation" veterans who have come out in support of the Democratic platform this year.



#### **New Jersey, 5th District**

**Who:** Rep. Scott Garrett (R) vs. Rabbi Dennis Shulman (D)

**Why:** Shulman would be the first rabbi elected to Congress. He's received strong backing from the "pro-Israel, pro-peace" group J Street and other

progressive organizations, even as he campaigns in a traditionally red district against a three-term incumbent. The district, which runs from affluent old-money suburbs to working-class satellites of New York City, has an unambiguous commuter culture in which energy prices are a major campaign issue. The 58-year-old Shulman has been one of only a few local Democrats to successfully make hay of the issue, producing humorous spots tying Garrett to big oil.

Garrett, who is slightly favored to win re-election, could be classified as a classic New England "Rockefeller Republican"—the class of socially liberal, fiscally conservative legislators who pepper the Atlantic seaboard. Garrett, backed by the Club for Growth, was the only one in the New Jersey delegation to vote against the energy bill in December, has been a strong supporter of the war in Iraq, and voted against the Americans with Disabilities Act renewal—a fact that is extra poignant because Shulman is blind. Shulman trails in fundraising, but the DCCC's classification of the matchup as an

"emerging race" means more support for the Democrat could materialize. Shulman, a clinical psychologist by training, gives a whimsical stump pitch against Washington: "It may very well take a blind man to show Congress the light."

#### **GOVERNOR:**



#### **Indiana**

**Who:** Gov. Mitch Daniels (R) vs. former Rep. Jill Long Thompson (D)

**Why:** Daniels is the former director of Bush's powerful Office of Management and the Budget who made his personal fortune with drug giant Eli Lilly. Nicknamed "Dick Cheney's Dick Cheney," he was one of the architects of Bush's \$1.3 trillion tax cut and assumed the Indiana governorship in 2004. Thompson is attempting a bit of a comeback—she served in Congress until she was ousted in the 1994 Republican landslide, after which she worked in the Clinton Department of Agri-

culture. Early polling showed her neck-and-neck with Daniels going into the general. However, Thompson's Washington experience has allowed Daniels to paint her as out of touch with Hoosiers, and she's since fallen behind him in the polls.

Still, Daniels is particularly vulnerable because of his close ties to Bush. And this year's up-ticket race could make all the difference for Thompson. Indianapolis and its suburbs, plus the northwest corner of the state close to Obama's Chicago, are fertile territory for Democrats this year. And Thompson's experience farming and managing federal rural development should play well in the southern part of the state, which could otherwise be Daniels country. Backed by Emily's List and unions like the United Auto Workers, she has kept pace with Daniels in fundraising in 2008, though he has almost triple her cash on hand. If she pulls out the win, Thompson would be the first woman to be elected governor of Indiana, and she is already the first woman to be nominated for the position by a major party. **TAP**

—DAYO OLOPADE



# Culture & Books

*"The core green truth [is] that the future is all about clean electrons—that is carbon-free electricity—and energy efficiency."*

— PAGE 39



**Hip-Hop Politics:** Rapper Nas protests how FOX News covers Obama.

## MEDIA

### FROM POP CHARTS TO POLITICS

*Is hip-hop's mainstream success hindering its political future?*

BY ADAM SERWER

IN LATE JULY, A CROWD GATHERED in front of the News Corporation building in Midtown Manhattan to see hip-hop star Nas—perhaps the only rapper left who maintains both impeccable street cred and an easy fluency in American politics—speak out against the way FOX News covers black folks.

A few protesters brandished signs chastising FOX for its coverage, but many in the crowd were there to see Nas. After all, his most recent album, an extended meditation on black identity and how we police language, reached No. 1 on the Billboard charts that day, displacing the immensely popular and cheerfully apolitical Lil' Wayne. Still the role was a

new one for Nas, who as recently as 2004 was ridiculing John Kerry voters (rapping, "election done came and went/ya'll worked so hard for it/and in the end we all got dicked"). At the July protest, Nas came out late, as the soft-spoken Andre Banks, deputy director of the grass-roots black political group Color of Change, played hype man. In appearance, Nas was considerably muted. Gone were his signature chains and expensive name-brand clothes; this Nas wore a plain white T-shirt with a humble gold crucifix. He read from his prepared remarks, took a few questions, and left.

Several of the protesters didn't seem to understand why they were there. They

simply heard Nas was going to show up. A few promised they would look up the Color of Change Web site as soon as they got home. But all in all, the protest was just a media event with a celebrity draw, not a successful merging of liberal politics and hip-hop culture.

This year, hip-hop has a higher political profile than ever before. After Nas protested FOX News, mega-stars like Kanye West, N.E.R.D., and Wyclef Jean per-

formed at the Democratic National Convention. Pharcyde, Mos Def, and Atmosphere performed at the Service Employees International Union's Labor Day celebration. In late July, Barack Obama was forced to issue a denunciation of rapper Ludacris after he released a track that dissed Hillary Clinton and John McCain. Obama himself is now the standard of black leadership for the hip-hop generation, shouted out by everyone from Jay-Z ("It's the hood's Barack") to Talib Kweli ("[I] speak to the people like Barack Obama"). Even the typically apolitical Young Jeezy came out for universal health care after paying out-of-pocket for his mother's kidney transplant. Not since the 1980s heyday of groups like Public Enemy have rappers made so many references to mainstream politics.

Hip-hop has combined a black perspective with poignant social commentary from the beginning, but thus far it has failed to become a major influence on party politics. Ideally, hip-hop would be a cultural-political force akin to the

Christian right, focusing on a set of core issues that reflects the concerns of its urban, mostly (but not exclusively) black constituency: the drug war, voting rights, affordable housing, education, and economic opportunity.

But in a political context, hip-hop faces a strange paradox. Hip-hop is now considered mainstream because its more superficial values—even those it is most often criticized for—are fundamentally American. The reason why frat boys can bump Lil' Wayne as hard as an aspiring emcee in Brooklyn is that Lil' Wayne's core values are pretty conservative. His music is about entrepreneurship, upward mobility, masculine potency, and a binary understanding of power and authority. Rapper David Banner had it right when he told Congress in 2007 that presenting these sentiments in a commercial and artistic context is "the American way." And as Obama told *Vibe* magazine in 2005, his problem with hip-hop was that "the underlying values are so *square*. It's about bling. It's entirely cynical, entirely

materialistic ... [it] doesn't challenge the social order at all." In other words, what makes hip-hop widely accessible as entertainment is the same thing that holds it back from being a political force.

Half the battle is over: Hip-hop is now firmly ensconced in the cultural mainstream. But for it to become a political movement as well, it has to learn to push

it has to be somewhat mainstream, but to maintain its vitality, it must remain fresh—and revolutionary. It has to have a vision of society as it would like it to be, which is terribly difficult for an art form whose most poignant and effective moments have often focused exclusively on how America falls short of its ideals.

In judging whether or not hip-hop's

## Obama told *Vibe* magazine his problem with hip-hop was that "the underlying values are so square."

its issues out of the margins and into the center, while still retaining its broad fan base. What makes politicians distance themselves from rappers even as they quietly accept their campaign donations (and allows hip-hop to remain attractive to youth) is the fact that this critical but openly honest embrace of the American dream and its underside is expressed with a black aesthetic that remains revolutionary. Hip-hop's popularity thus undercuts itself; to be politically viable

cultural ubiquity could metastasize into a movement, it's probably best to start where the culture began: with the young black voters. While traditionally, African Americans of all classes and ages have voted Democratic, that may be changing. In her 2008 book, *Party Crashing: How the Hip-Hop Generation Declared Political Independence*, Keli Goff points out that young black voters are less partisan than their parents, noting that only between 50 percent and 60 percent identify as Democrats. She further argues that emerging generational and class divisions will soon end the Democrats' hold on the black vote. Her theory may eventually prove true, but at least two things have delayed this from happening: the rise of Barack Obama, whose candidacy has galvanized the hip-hop generation as never before, and the continuing hostility of the Republican Party toward black voters.

If Goff is correct that emerging class differences will eventually trump race, this has major implications for hip-hop as a political force. Politically, it remains tethered to the concerns of the black working class and poor—which are concerns that upper- and middle-class black folks share as long as race remains a dominant issue in American politics. Liz Havstad of the advocacy group Hip Hop Caucus describes its target constituents as "the geniuses outside the academy," those 20-somethings who haven't been to college and whose political energy has proven difficult to harness, but whom companies spend millions of dollars studying as consumers. The catch is that once this generation of black voters has

THIS BOOK WILL BE WARMLY EMBRACED by Democrats who view George W. Bush as the Preposterous Imposter. He has already descended to the lowest rung on the presidential ladder.

Paired with Dick Cheney, the two comprise a tandem hopelessly compromised by incompetence and malfeasance.

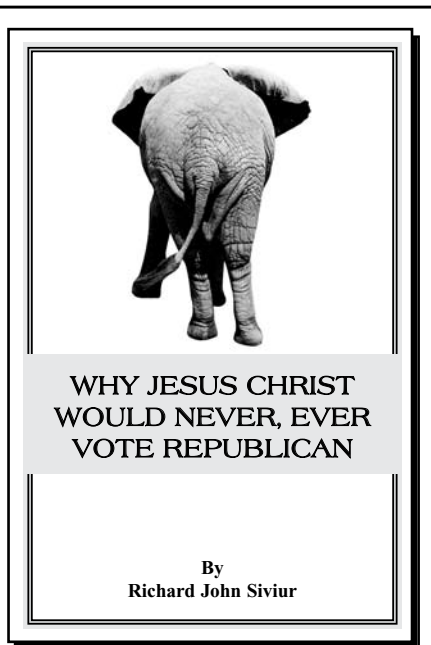
Republicans are the Party of Big Business (the POBB) as well as the Party of White Males (the POWM). In Congress they have no black members and few women.

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the means and the money to finance a movement on a national level, they may no longer be interested in the issues that once drove them. This may prove to be a fatal weakness in creating a broader movement.

Goff argues that this isn't necessarily the case. "The onus is on the organization to frame [issues] in a way that they are accessible to people from all walks of life," she says. She points to the strong opposition to the drug war from libertarians as evidence that the political concerns of those who identify with hip-hop could find a broader audience.

But how to reach that audience? Deploying a celebrity draw is effective in the short term, but ultimately the interest dissipates quickly. (Even though Nas' presence at the FOX protest was a draw for people who might not otherwise be interested in politics, the event itself seemed unlikely to change that.) Hip-hop-based movements have had more success in organizing around individual issues like the Rockefeller drug laws, but becoming a movement requires a broad-based agenda that grows out of those local victories. In her book, Goff quotes Alexis McGill, the former political director for hip-hop entrepreneur and activist Russell Simmons' campaign, who says, "I don't think it's effective to organize around being black. I think it's effective to organize around class, education, criminal justice—things that affect us disproportionately because we are black."

So far, groups organized around hip-hop themes have proven to be most effective when organized around these issues. Simmons, aside from his highly publicized voter drives, was a part of the campaign to reform the draconian Rockefeller drug laws in New York state (although the eventual reforms were small, and the campaign continues, some of the harshest penalties were repealed). The League of Young Voters has chapters in eight states and has lobbied on the local level for everything from re-enfranchising ex-felons in Pittsburgh to preventing cops in New Mexico from wearing guns on school campuses. The Hip Hop Caucus lobbies directly on Capitol Hill and received an award from the

Institute for Policy Studies for its work on issues related to Hurricane Katrina.

The challenge for building a broad cultural/political movement based around hip-hop will be discovering how to enlist those who might not immediately see themselves reflected in the culture, and beyond that, retaining hip-hop's fresh and revolutionary aesthetic while keeping the movement mainstream enough that politicians don't feel the need to distance themselves from it. It faces an old double standard associated with political movements grounded in the black community: how to convince people outside the culture that its goals are not racially exclusive.

## BOOKS

# DIRTY ROTTEN SCOUNDRELS

**THE WRECKING CREW: HOW CONSERVATIVES RULE** BY THOMAS FRANK

Metropolitan Books, 369 pages, \$25.00

BY MATTHEW YGLESIAS

THOMAS FRANK'S WIDELY DISCUSSED *What's the Matter with Kansas* opens with a paradox, namely that "the poorest county in America isn't in Appalachia or the Deep South" but rather in Kansas, a county that George W. Bush carried by more than 80 percent. Frank's follow-up, *The Wrecking Crew*, opens with a similar paradox, namely that "the richest county in America isn't in Silicon Valley or some sugarland preserve of Houston's oil kings; it is Loudoun County, Virginia, a fast-growing suburb of Washington, D.C." Likewise the third, sixth, and seventh richest counties are all in the D.C. area. This remarkable fact, Frank says, is explained by his book, a work that sets out to detail "the very particular, very predictable things that happen when the faction that calls itself 'conservative' manages to squeeze behind the controls of the state."

Readers entranced by the vivid prose and sweeping themes of *Kansas* won't be disappointed. In his new book, Frank weaves the stories of individual villains such as Grover Norquist and Jack Abramoff into a broader political history of recent decades. Michael Brown's Federal Emergency Management Adminis-

Shifting the appeal of hip-hop away from what makes it most accessible, those traditional cultural values of status and money, and toward a more progressive agenda will prove to be most difficult.

Hip-hop can "help people come to consciousness," says Rob "Biko" Baker of the League of Young Voters. He points out that the Christian right is supported by a bevy of powerful, well-financed groups, and adds that, for a movement based on hip-hop to be effective as more than just a funnel for social discontent, "we need strong institutions ... we're talking about jobs, schools. We're not trying to throw rocks at tanks." **TAP**

tration and Monica Goodling's Justice Department aren't, Frank explains, the work of bad apples or even a single super-rotten president. They are, instead, the inevitable results of what happens when power falls into the clutches of a political movement that believes government can't work and then sets about doing its best to prove it. The civil service is squeezed, public functions are handed over to well-connected contractors, industry foxes are put in charge of the regulatory hen-houses, corporations write the bills that congressmen vote on, profits soar, lobbyists get big paychecks, and the "public servants" who implement the heist get paid once they're on the other side of the revolving door. It's a familiar story told with an unfamiliar verve.

But those troubled by a certain lack of precision and rigor in *Kansas* won't find their doubts dispelled here. Less turns out to be "the matter" with Kansas, for example, when one considers that even though poor areas tend to vote Republican, poor *people* tend to vote Democratic. Similarly, the idea that lobbyist lucre accounts for the prosperity of greater Washington doesn't make sense. The

richest of lobbyists can't hold a candle to New York's titans of finance, the tech moguls, and Hollywood stars and executives of the West Coast. The prosaic reality is that Washington was never a center of manufacturing and has thus avoided the problems of deindustrialization that plague other metro areas, even those with richer rich people. More consequentially, dismissing Bill Clinton as "the most probusiness Democrat since Grover Cleveland" helps construct the narrative of a 30-year conservative reign of error but distracts attention from a critical difference between the Clinton administration and its successor—the total absence of anything like a "wrecking crew" mentality from a team that, whatever its limits and flaws, was strongly focused on trying to restore a skeptical America's faith in the possibility of an activist public sector. The specific criticism that Clinton should have been more skeptical of the virtues of contracting out government seems fair, but there's little doubt that Clinton produced a well-managed, competent administration, a contrast with Bush that, given Frank's main subject, seems significant.

Frank's fundamental aim, however, is to make the point that the depredations of the Bush years aren't an accident or, as many on the right would now have it, a consequence of insufficient ideological rigor. Rather, he sees the current mess as a logical result of conservative principles.

According to Frank, the American right-wing is dominated by the high priests of the cult of the market, and corruption—the sale of public policy to the highest bidder—is nothing but the application of market principles to government itself. Thus, something like the 2003 Medicare-reform bill is not a perversion of conservative principles but their culmination. A prescription-drug benefit was provided to America's seniors in a manner that was less generous to beneficiaries than the Democratic alternative, but it was also much more costly, with the difference accounted for by the fact that the Republican alternative was vastly more friendly to insurance and pharmaceuticals firms. Shortly after its passage, the main author of the law went to work as a lobbyist for health-care

firms as did "fifteen other public officials involved in crafting that drug law, including one powerful House committee chairman, all of whom departed for Big Pharma's green pastures once the job was done." Some would see this as a betrayal of right-wing principles, but Frank sees it as the highest form of conservatism.

It's an interesting conceit, and it captures some important elements of the truth. But there are also some problems here. The Medicare bill in question was denounced at the time by rock-ribbed right-wing outfits such as the Heritage Foundation, the Cato Institute, and *National Review* as, yes, a betrayal of conservative free-market principles. Similarly, the Republicans who voted "no" on the bill weren't the moderate squishes but rather, the hardened ideologues. On the right, just as on the left, it turns out that ideological politics coexist somewhat awkwardly with interest-group politics.

*There's little doubt that Clinton produced a well-managed administration, a contrast with Bush that, given Frank's main subject, seems significant.*

To Frank, however, Washington is the yin to Kansas' yang, and if heartland voters ignore their interests in favor of voting on "values," conservatives inside the Beltway have no commitment to values except greed. Nonetheless, his book's most entertaining and insightful passages—extended explorations of the conservative mainstream's lurid fascination with some of the most violent and depraved elements of the international scene—seem to undercut this thesis. Frank tells the tale of the International Freedom Foundation at some length. This now-obscure outfit was an Abramoff-founded front for apartheid South Africa that boosted free-market principles at home and around the world and touted support for the white supremacist regime as integral to this mission.

Near the end, Frank returns to this theme, observing that "it seems as though our Washington wingers are drawn by some weird ideological magnet to every morally indefensible cause of the last

thirty years. They have cheered for Jonas Savimbi, admired the Contras and the Central American death squads, and when Saipan needed help defending its monstrous labor system, virtually the entire movement answered the call." He swiftly pivots, however, back to free markets and political corruption. Aristotle wrote that men do not become tyrants to keep out the cold, and we should ponder that although Abramoff found a way to make money shilling for South Africa, apologetics for racism and lobbying on behalf of death squads hardly suggest themselves as the most obvious money-making schemes. People looking to get paid go into advertising or help telecom firms in their endless regulatory wrangling with other corporations. The hardcore right isn't merely greedy, it's genuinely morally perverse. Frank implies at one point, following Naomi Klein's argument, that the Bush admin-

istration's primary interest in Iraq can be understood through Paul Bremer's effort to reconstruct the country along free-market lines. A simpler explanation is that Bush and company invaded Iraq because of totally genuine, if also totally wrong, ideas about national security and tried to rebuild Iraq along market principles for the same reason the Truman administration rebuilt Europe as a social democracy—they did what they thought would work.

Even within the domain of economic policy, there is reason to doubt that the kind of casual corruption that Frank emphasizes gets at the heart of the matter. "Dramatic economic inequality of the kind conservatism has engineered," he observes, "inevitably brings political inequality with it." The broad, pro-inequality macroeconomic measures the right has pushed since the dawn of the Reagan era—regressive tax cuts, anti-union policies, the rollback of the war on poverty, and a monetary policy that seeks

to cut off growth at the slightest hint of broad wage increases—differ qualitatively and quantitatively from the crass cash-for-favors graft on which Frank focuses.

If anything, it's the reverse. The scandalous behavior for which Abramoff et al. have become infamous is a useful political cudgel for the opposition—a case against the GOP that voters disinclined to consider serious disagreements over economic policy, and a political press corps indisposed to explain them, can understand perfectly well. Just as the right was able to discredit “big government” more broadly by blowing out of proportion the misuse of the

congressional post office, so the wrecking-crew mentality and the scandals are a rhetorically useful synecdoche for the entire conservative project. Frank, a masterful rhetorician, deploys the scandals to just this end with great aplomb. Fundamentally, however, it's wrong to mistake the trees of corruption for the forest of ideology; a more honest, less corrupt right-wingery is imaginable and would likely be much more effective and only somewhat less pernicious than the current brand. **TAP**

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*Matthew Yglesias is a senior editor at the Center for American Progress.*

## BOOKS

# THE WAY TO THE NEW WORLD

**HOT, FLAT, AND CROWDED: WHY WE NEED A GREEN REVOLUTION—AND HOW IT CAN RENEW AMERICA** BY THOMAS L. FRIEDMAN

Farrar, Straus and Giroux, 438 pages, \$27.95

**EARTH: THE SEQUEL—THE RACE TO REINVENT ENERGY AND STOP GLOBAL WARMING** BY FRED KRUPP AND MIRIAM HORN, W.W. Norton, 279 pages, \$24.95

**COMING CLEAN: BREAKING AMERICA'S ADDICTION TO OIL AND COAL** BY MICHAEL BRUNE, Sierra Club Books, 269 pages, \$14.95

BY DAVID ROBERTS

**L**AST YEAR, WHEN *AN INCONVENIENT Truth* won an Academy Award, there was a sense of triumph and vindication among environmentalists. The interminable debate over the realities of global warming seemed finally, mercifully over.

But the rapture proved short-lived. It soon became clear that the next debate, about what and how much to do about the problem, would be every bit as contentious. Conservatives shifted seamlessly from climatic Pollyannas to economic Chicken Littles, insisting that strong steps to reduce greenhouse-gas emissions would destroy prosperity.

Cute pictures of endangered polar bears have done little to counter that argument, but a more effective response is now taking shape. Rather than focusing narrowly on the ecological, it takes a more expansive view, casting “green” as savvy economics and tough-minded national-security strategy. Curiously,

this approach finds its most powerful expression in the writing not of longtime environmentalists but of green's recent converts. Enter *New York Times* columnist Thomas L. Friedman.

No matter the subject he takes up—foreign policy, globalization, now the environment—Friedman goes at it with the same fervid, hawkish enthusiasm. In his new book, *Hot, Flat, and Crowded*, he embraces green wholeheartedly, but not in the way that those fuzzy-headed, limp-wristed countercultural types do. No sir. This is green for Real Men, green as “the new red, white, and blue.”

Friedman's attraction to macho posturing has gotten him into trouble before, most notoriously when he said that the Iraq War was about telling a Mideast country to “Suck. On. This.” His dizzying prose—the endless cavalcade of analogies, anecdotes, aphorisms, and folksy formulae—has come in for a great deal of mockery as well. But some-

how, here, it all works. Just as his *Times* columns improved markedly when he took to green issues, so too is this book an improvement on his previous one, *The World is Flat*, which extolled the globe-shrinking (or as he insists on saying, flattening) effects of communication technology. He's finally found the yin to his yammer—a cause that benefits from his giddy futurism and talent for catchy framing. “Green is going from boutique to better, from a choice to a necessity, from a fad to a strategy to win, from an insoluble problem to a great opportunity,” he says, and off we go. Whee!

Friedman's cheerleading for globalization has brought brickbats not only from economic populists but also from environmentalists, who point out that if China and India raise their per-capita resource consumption to American levels, the world is well and truly doomed. Unsustainable development poses a serious challenge to Friedman's globalist vision and indeed, an existential dilemma for humanity. Our disasters are no longer local; we're playing with all the chips now. To his credit, Friedman doesn't try to dodge or minimize the challenges. The first half or so of the book is a solemn tour of woes: “the growing demand for ever scarcer energy supplies and natural resources; a massive transfer of wealth to oil-rich countries and their petrodictators; disruptive climate change; energy poverty, which is sharply dividing the world into electricity haves and electricity have-nots; and rapidly accelerating biodiversity loss, as plants and animals go extinct at record rates.”

These metastasizing dangers don't for a second cause Friedman to question his commitment to globalization. He's determined to make the project work, and green is the key that he hopes will open the way. Happily, his instincts on green issues turn out to be considerably more reliable than his instincts on foreign policy. In the name of energy independence, a lot of other self-consciously butch new greens support ethanol and other biofuels, which raise the price of food and encourage deforestation, or “clean coal,” which blows the tops off of mountains. Friedman doesn't fall into those traps. He's found the



right people to talk to, focused on the correct inflection points, and hit on the best answers to the biggest questions.

Friedman recognizes the core green truth that the future is all about clean electrons—that is, carbon-free electricity—and energy efficiency. He wants to electrify as much power use as possible, including transportation, and co-opt

ers fanboy. Perhaps it takes someone as unabashedly full of himself as Friedman to pull it off, and to his credit he goes in deep, laying out an elaborate future scenario of what life will look like when every appliance, vehicle, and power plant is in constant communication.

The section on China is also extraordinarily good—sober, insightful, and

wreak a lot more havoc, a lot sooner, than some of the other problems on his list.

What will most strike veteran environmentalists about the book, though, is not any diagnosis or prescription; the material is familiar to those deeply involved with these issues. What is most striking is the book's sheer, unapologetic, rip-roaring ambition. Like so much of the American left, the environmental movement has become acclimated to the notion that it is operating outside the mainstream, knocking sheepishly on the door. Its rallying cry might as well be, "If it's not too much trouble ...." Friedman, on the other hand, is all confidence. He claims the world and asks for the sky.

WHERE FRIEDMAN'S BOOK IS A cacophonous, ramshackle one-man band, *Earth: The Sequel* by Fred Krupp and Miriam Horn is chamber music. Each chapter is a tight variation on a theme, telling the stories of entrepreneurs in thin-film solar, geothermal, and other clean-energy technologies. Krupp

*The environmentalist rallying cry might as well be, "If it's not too much trouble ...." Friedman, on the other hand, claims the world and asks for the sky.*

the vehicle fleet as a distributed energy-storage network. Moving power use to the grid also opens up the full potential of an "energy internet," Friedman's term for a smart electrical grid infused with information technology ("ET meets IT"). Energy wonks know that the "electranet" (as Al Gore calls it) is a huge piece of the energy puzzle, but it's difficult to discuss without sounding like a dippy Buck Rog-

(something difficult for Friedman) ambivalent—and the discussion of conservation and biodiversity is a pleasant addition to an otherwise energy-centric work. There are, inevitably, lacunae. Friedman gives only cursory attention to water, the oil of the 21st century, and says virtually nothing about peak oil—that is, the possibility that global oil production will soon top out and begin to decline—which could

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is the president of the Environmental Defense Fund, and no enviro is more expert at navigating the halls of power and presenting reforms in establishment-friendly language. Ostensibly about the entrepreneurs, the book is really an extended brief for EDF's preferred policy, a carbon cap-and-trade system modeled on the acid-rain trading program the group helped pioneer in the 1990s.

The idiosyncrasies and cleverness of the innovators are entertaining, and there's much to be said for cap-and-trade, but the relentless message discipline seems designed above all to ruffle no feathers. Corporate power brokers will be pleased to find their beloved "clean coal" listed among the solutions and non-market-based policy proposals tucked away discreetly in the penultimate chapter. Readers will be pleased to find that they are not confronted with calls to sacrifice or threatened with changes in their ways of life.

*Earth* is an easy read and effective in its own limited aims, but one can't help wonder when the environmental movement lost the kind of punch-drunk ambition that Friedman and other newly minted greens offer.

On the other hand, every drunk has to sober up eventually, and after a few shots of Big Picture techno-futurism, Michael Brune's *Coming Clean* is a cup of black coffee. Where Friedman's prose is flamboyant, Brune's is almost defiantly unadorned and artless. Where Krupp is taken with savants, Brune is all about ordinary folks. *Coming Clean* is a combined policy-briefing book and citizen-action guide, focused on organizing campaigns to do the thankless work of calling legislators, sending letters to the editor, and protesting outside of corporate headquarters. Nobody knows this stuff better: Brune is head of the Rainforest Action Network, a group that has leveraged its comparatively paltry budget (it spent around \$3 million in 2007, compared to EDF's \$73 million) to bend to its will such behemoths as Citibank and Goldman Sachs. Brune's message is that nobody needs to wait on geniuses to develop the right gadgets—the levers of change are in reach.

The newly expansive, inclusive, and confident green turn is an unambiguously good thing. But it will get nowhere unless Americans regain the sense that their future is a collective project for which they bear responsibility and over which they have some measure of power. If Friedman's vision and Krupp's insider chops

can be combined with the kind of broad social movement that activists such as Brune are painstakingly trying to build, we might just make it after all. **TAP**

*David Roberts is a senior staff writer at Grist.org, a Web site devoted to environmental news and commentary.*

## BOOKS

# AUDACITY IN HARLEM

**WHATEVER IT TAKES: GEOFFREY CANADA'S QUEST TO CHANGE HARLEM AND AMERICA** BY PAUL TOUGH Houghton Mifflin, 304 pages, \$26.00

BY DAVID L. KIRP

IT'S VINTAGE NEWS THAT POOR KIDS, especially poor black kids, fare badly in America. Whether the measure is high school graduation, teen pregnancy, or running afoul of the law, wide gaps persist. The impact is life-long—worse jobs and more unemployment, more years in prison, poorer health, and a shorter life expectancy.

Reformers have been trying to narrow those gaps for eons, but the track record offers only modest cause for cheer. Programs directed at adolescents, like redesigning secondary schools, or aimed at dropouts, like the Job Corps, have at best limited impact. Some, like the widely used DARE program, which sends cops into classrooms to lecture students on guns and drugs, are demonstrably worthless.

Some initiatives do pay off. Tennessee's STAR program, which radically shrunk class sizes for the first four years of school, has recorded big increases in the percent of black males graduating from high school. Programs such as Success for All bring many poor kids within hailing distance of reading at grade level. The earlier in life that children are reached, the more impressive the evidence of success. The Nurse-Family Partnership, which sends pediatric nurses to support poor first-time mothers, has shown long-lasting effects on school achievement and juvenile crime. Model pre-kindergarten programs like Perry Preschool and Chicago's Child Parent Centers boost graduation rates, raise incomes, and cut crime—and returns on

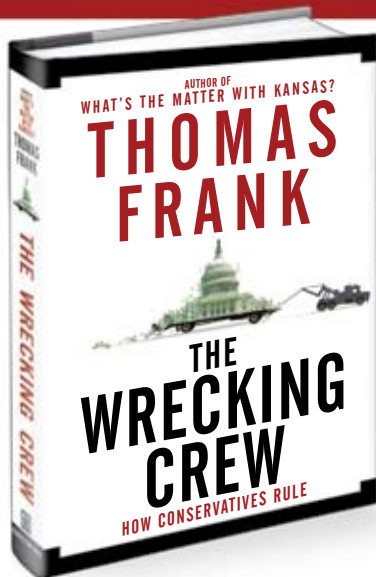
these investments run as high as 17 to one.

Toiling in Harlem during the 1980s and 1990s as CEO of the Rheedlen Center, a nonprofit dedicated to keeping kids in school, Geoffrey Canada knew all about the long odds against success for an inner-city kid. That was the context of his own life story, which he recounts in *Fist Stick Knife Gun* (1995), a noir *bildungsroman* about growing up in the war zone called the Bronx. His goal in life is to narrow those odds, to pull inner-city children from the cross fire.

Rheedlen Center has relied on what Canada calls the "superhero" model—dedicated individuals rescue children, one by one, from life on the streets. But such heroics cannot achieve his dream of getting every Harlem kid into college. In Harlem the streets exert a powerful pull, the public schools are mostly dead ends, and many parents need support to give their children the tools for success. The entire world where these kids grow up needs to be transformed.

From this outsized vision the Harlem Children's Zone, or HCZ, has emerged. Its territory has quadrupled in less than a decade to cover 97 blocks, and its budget has mushroomed to \$70 million. Canada's charisma won the confidence and opened the pocketbooks of New York's hyper-rich. And because his agenda complements the grand hopes of Mayor Michael Bloomberg of New York City, he has received strong public backing. Well-wishers include Barack Obama, who has

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bestseller that  
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this year.” —Salon.com**



**“In Thomas Frank,  
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wrested control of the government by  
railing against its very existence.”—*Time***

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Frank’s gloom is leavened by an eye for  
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—*Los Angeles Times*

**Don’t miss**

**What’s the Matter with Kansas?  
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pledged federal support for 20 similar ventures if he is elected president.

The HCZ is developing what Canada calls a “conveyor belt” to carry children from birth to college. None of its components is new. What is new is the linkage among these good programs, the ceaseless love-bombing of the young. This hyper-ambitious venture is compellingly chronicled by Paul Tough in *Whatever It Takes*.

The first step on the conveyor belt is Baby College, a nine-week program that delivers child-rearing advice to expectant mothers and parents of children from birth to age 3. The Three-Year-Old Journey, which incorporates science-based explanations of what promotes brain development as well as preparation for pre-k, is open to parents of 3-year-olds. Then comes Harlem Gems, a preschool for 4-year-olds whose four-to-one pupil-

spend their Saturdays at Baby College (many of whom resist the “discipline, don’t punish” message). And he hangs out with Canada, relating the “aha!” moments in Canada’s variegated life to the philosophy that powers HCZ.

From the outset, the Harlem Children’s Zone has been both the beneficiary and the victim of hype and expectations. The national media regard New York City as the center of the known universe, and so this high-voltage program has been smothered with coverage. Out-of-town delegations, looking to devise their own children’s zones, descend in droves.

The pressure has been felt most acutely at the middle school. The HCZ board chairman, legendary Wall Street hedge-fund manager Stanley Druckenmiller, wanted business-like practices and quick results, the school equivalent of rising quarterly

***The Harlem Children’s Zone is developing a  
“conveyor belt” to convey children from birth to college.  
What’s new is the linkage among the programs.***

teacher ratio is higher than the iconic Perry Preschool and whose cost, \$13,000 per child, is twice that of Head Start.

Next is Promise Academy for children from kindergarten through high school. “We are calling our school Promise Academy because we are making a promise to all of our parents,” Canada told the first generation of parents in 2004. “If your child is in school, we will guarantee that child succeeds.”

Can Canada make good on his guarantee that Promise Academy, and the additional academies on HCZ’s drawing boards, will rewrite the failure script for Harlem’s children? For starters, will it improve the lives of the 100 kindergarteners and 100 sixth-graders who enrolled in 2004? Tough, an editor at *The New York Times Magazine*, tells this story with the what-happens-next pacing of a good mystery and the richness of a fine ethnography, weaving together in lapidary prose the strands of a complex narrative. He spends considerable time crouching in Promise Academy’s classrooms. He talks with young parents who

profits. Success became defined in No Child Left Behind terms as doing well on New York City’s reading and math tests. From first grade onward the kids were relentlessly drilled in the basics. Relatively weak test scores prompted the firing of the middle school principal, and the prospect of another batch of disappointing scores led HCZ to postpone plans to add a ninth grade. It was a gut-wrenching disappointment to Canada that, for these eighth-graders, the “promise” went unmet.

Will Harlem Children’s Zone have the impact that Canada envisions? To date, its biggest success is the screening and treatment program for asthma that’s based at Harlem Hospital Center. More than 5,000 children have been screened for a disease endemic among inner-city children. Fewer than one in 10 of them have gone to the emergency room, a four-fold reduction, and fewer than 1 percent, a 10-fold reduction, have been hospitalized.

There are no published evaluations of the other initiatives, though, and a healthy skepticism is appropriate. HCZ doesn’t offer the demonstrably successful



Nurse-Family Partnership model, which gives new parents one-on-one intensive home visits stretching from pregnancy to toddler-hood. (While the city does fund NFP in Harlem, it reaches only a handful of these new mothers.) There's no evidence that the HCZ's Baby College strategy—providing new mothers and fathers nine half-day parenting sessions, with a follow-up when their children are 3 years old—will make a difference in how they raise their children. Although the pre-k program looks top-notch (Tough doesn't describe it in detail), it admits only a tiny fraction of Harlem's 4-year-olds, and its high cost makes major expansion or replication unlikely. The preschool admits only 40 4-year-olds—for the same amount of money and a less Mercedes-expensive model, more kids could be reached or else children could start preschool at age 3. Many educators challenge the Promise Academy's fixation with testing, and *Whatever It Takes* shows how hard it is to run a good middle school. HCZ is now running 20 programs, among them an after-school initiative in two public elementary schools, a high school arts program, and a fitness center. These programs, which together reach 9,500 children, may be doing fine work. But as Tough points out, it was Canada's frustration with this piecemeal approach that led him to design the Harlem Children's Zone.

To get all of Harlem's kids on the "conveyor belt" would cost a boatload of money—far more than the HCZ'S \$70 million budget. An investment of that magnitude may well make policy sense. But finding the money to make Geoffrey Canada's dream come true nationwide would be a Herculean feat.

The Harlem Children's Zone is a high-stakes bet, not just for New York but for the country. Despite the caveats, the program's try-it-all approach is what makes it so exhilarating, and *Whatever It Takes* does it full justice. **TAP**

**David L. Kirp**, a professor at the public policy and law schools at the University of California, Berkeley, is the author of *The Sandbox Investment: The Preschool Movement and Kids-First Politics* (2007).

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# Back to School, Back to Court

BY THOMAS GEOGHEGAN

**T**HE BIGGEST THING THE NEXT PRESIDENT CAN DO is something that's hardly been mentioned in this campaign: nominate federal judges who might one day toss out the system of the local funding of our schools.

The only way to really improve education, and thus

ensure access to economic opportunity for all, is to end the shocking disparities in per-pupil funding in U.S. public schools. In my state, Illinois, it ranges from \$5,000 per child in poor districts to almost \$20,000 in blue-chip districts. Other big states are almost as bad. The state legislatures won't fix it. No Congress will fix it. The only hope is in the courts, either in state-by-state suits based on state constitutional requirements or a whole new challenge in federal court.

Yes, I know: In the 1960s and 1970s, lawyers tried but failed to knock out the system in federal court. And the bench today is even less progressive. Even so, there's a case for trying again.

First, the disparities are now worse. That's no surprise, since the disparities in school funding help to lock in income inequality. As income inequality worsens, so do the disparities. Gentrification then pushes the poor out to the low-rent, squalid suburbs, which have even less property wealth than the cities where they used to live.

Second, the old legal defense to this system no longer works. That defense held that it might be unfair, but at least it promoted a justifiable goal—local control of the schools. But local control is gone. In the last 10 years, state boards of education have shoved the local school districts aside. The state boards set the curriculum. The state boards write up the tests. The state boards set the bar

that teachers and students have to meet. The local districts just pay the bill.

This new state control turns the traditional U.S. model on its head. The model of local control was locked in by the “high school” movement, which welled up at the local level in the 19th and early 20th centuries. But by the late 1990s, state boards had begun to set learning standards. They began to preempt the local districts, long before No Child Left Behind. Now, NCLB requires states to set standards, so state control is the law in all 50 states.

We can sentimentalize local control, but it is illegal under federal law. And that removes the only constitutional justification for the disgraceful disparities of U.S. education.

Few readers may know how close we came in *San Antonio School District v. Rodriguez* (1973).

After the U.S. Supreme Court outlawed segregated schools in *Brown v. Board* (1954), lawyers attacked local funding—to argue against disparity not just on the basis of race but wealth—and to hold state governments responsible for all the costs of education. But in *Rodriguez*, a slightly “post-Warren Court” turned back the attack by a single

vote. The switch of a single vote would have changed the country perhaps as much as *Brown v. Board*. That 5-to-4 vote was the Thermidor of the 1960s civil-rights revolution.

In state courts, similar equal-protection challenges met the same fate. State courts praised “decentralization,” though some tried to set a minimum standard without changing the basic structure, a consistently futile path to equal opportunity. The disparities were treated as the price we pay for our tradition of “local control.”

So Jonathan Kozol's 1967 book on Boston's public schools, *Death at an Early Age*, led to its sequels; generations of poorly educated kids kept piling up. The U.S. system became a global disgrace, all for the sake of “local control.” Every year when international test scores come out and Finland or some other country is in first, there's a flurry of op-eds: “Oh, it's some Finnish thing they do with the curriculum.” But no one ever says, “Hey, maybe the Finns don't have disparities of \$15,000 per pupil in the schools.”

In Michigan, one local district has sued not the state but the U.S. secretary of education for “unfunded mandates.” The states are only too glad

to deflect these suits to D.C. In fact, the local districts should be suing their states. The state boards only use NCLB as a cover to set the standards they were putting in place anyway.

Without local control, there would no longer be a constitutional basis for any disparity within a state—not a single penny. What legitimate purpose would it serve? Minimum funding is not a fix. Progressive lawyers need to recognize that there is no longer either a moral or constitutional basis for rigging the school system for the well-to-do, and they must renew the fight. **TAP**

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